

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**



**White Settlement, Texas**

**Prepared by the Business Services Department**

Janette Owens, CPA – Director of Business



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**OF**  
**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**  
**White Settlement, Texas**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

**Prepared by the White Settlement ISD Business Services Department**

Janette Owens, CPA – Director of Business

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2021**

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## **INTRODUCTORY SECTION**

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**Finance & Operations • 401 S. Cherry Lane • White Settlement, TX 76108**  
**www.wsisd.com**

October 13, 2021

Ben Davis  
Board of Trustees  
White Settlement Independent School District  
401 S Cherry Lane  
White Settlement ISD

Dear Mr. Davis and Members of the Board:

The Annual Comprehensive Financial Report (ACFR) of the White Settlement Independent School District ("WSISD" or "District") for fiscal year ended June 30, 2021, is hereby submitted. The report includes the unqualified opinion of our independent auditors, Pattillo, Brown, & Hill, LLP. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operation of the various funds of WSISD. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The ACFR for the year ended June 30, 2021 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June, 1999. The ACFR also adheres to guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officers Association (ASBO).

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). MD&A is intended to give the reader an easy-to-understand overview of the school district's financial position and results of operations for the year. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found on page 4, within the Financial Section.

The Annual Comprehensive financial report is presented in four sections: Introductory, Financial, Statistical and Federal Awards. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The management's discussion and analysis in the Financial section provides an overview of the financial position and results of operations for the year. The Financial section also includes the auditor's report, the basic financial statements, including the Government Wide Financial Statements and the Governmental Fund Financial Statements, the combining schedules and required supplementary information. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Federal Awards section includes the schedule of federal awards, auditor's reports and the schedule of findings for both current and prior years.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the district's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Pattillo, Brown and Hill, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the financial statements are fairly presented in conformity with GAAP. The 'independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Federal Awards section of this report.

The remainder of this transmittal highlights the governance structure, the mission, economic conditions and outlook, and the financial activities of the District.

This report includes all funds of WSISD. The district's financial policies address accounting and fiscal operations of the district, with an emphasis on asset, procurement, and budget management. All activities over which the WSISD Board of Trustees exercises authority and/or oversight responsibilities are included.

### **Governing Body**

White Settlement ISD was established in 1950. The District is governed by a seven-member Board of Trustees (the Board) serving staggered three-year terms with elections held in May of each year. All candidates must be qualified voters and residents of the District. Monthly meetings of the Board are posted and advertised as prescribed under state law so that the Board may meet to fulfill its charge to the students, parents, staff, and taxpayers of the District. Special meetings or study sessions are scheduled as needed.

The Board has final control over all school matters except as limited by state law, the courts, and the will of its citizenry as expressed in elections. The Board's responsibilities are generally: to set policy for the District, to ensure efficient operations, to select and evaluate the Superintendent of Schools, to adopt the annual budget and its supporting tax rate, and to foster good community relations and communications. The Board offers stability and leadership to the district and sets the tone for educational improvement.

The Board has final control over all school matters limited only by the state legislature, by the courts, and by the will of the people as expressed in school board elections. Board decisions are based on a majority vote of those present.

The Board of Trustees meets annually for strategic planning and set both long-term and short-term district goals in an effort to focus resources and efforts on specific areas, as well as set high standards for the students and staff of WSISD.

### **Motto**

Think Big...Bears Do!

### **Mission**

Fostering a culture of excellence and empowering Brewer Bears to be innovators and leaders of tomorrow by providing premier education.

### **Vision**

Developing passion to learn...discovering purpose for tomorrow.

## **Core Beliefs**

We believe:

- All students are our top priority
- Every student has value and purpose
- Our students deserve a passionate teacher in every classroom every day
- A safe secure and enrichment environment enhances learning
- Learning is a shared responsibility that requires active involvement by students, staff, families, and the community

## **District Goals**

- Maximize student achievement through high standards across all disciplines, which incorporate critical thinking, creativity, collaboration, high quality, instructional strategies and innovative teaching.
- Cultivate a safe, nurturing and collaborative environment that promotes active involvement by parents, students, and community members.
- Sustain an effective and efficient organization by utilizing a flexible, responsive and consistent process for financial and operational management.
- Design professional learning opportunities that lead to effective teaching practices, instructional leadership, and improved student results.
- The District will recruit, develop, and retain qualified, certified and effective personnel

## **General Information**

White Settlement ISD was established in 1950. White Settlement ISD, home of the Fightin' Brewer Bears, offers a hometown, community atmosphere with all the benefits of city living. WSISD is a growing suburban school district that serves more than 7,000 students. The geographical boundaries of the District include a portion of the City of Fort Worth. The District accepts students from outside the geographical boundaries through open enrollment.

The District is comprised of nine schools and has approximately 850 employees. Conveniently located west of downtown Fort Worth, and just minutes from Lockheed Martin and the Naval Air Station Joint Reserve Base, WSISD is located in the Dallas/Fort Worth Metroplex. WSISD is just minutes from Fort Worth's Culture Arts District which offers a science and history museum, two world-renown art museums, and numerous performing arts facilities.

The District provides a full program of public education from pre-kindergarten through grade twelve grades, and all schools within the District are fully accredited by the Texas Education Agency. The District is serving students by providing regular, special education, Career and Technology, gifted & talented, dual language, and bilingual/ESL curriculums.

The District philosophy is to foster a culture of excellence in which all students are empowered to be innovators and leaders of tomorrow through engaging, hands-on instruction; the latest technology; and extra-curricular programs that meet the needs and interests of every student. Every White Settlement school implements innovative and creative learning opportunities for students through technology, project-based learning, classroom transformations and more!

## **Economic Conditions and Outlook**

The financial statement is best understood when it is considered within the perspective of the environment in which the District operates.

WSISD encompasses 24 square miles in Tarrant County, and students reside in the City of White Settlement and the western portion of the City of Fort Worth. WSISD is located in the mid-western boundary of Tarrant County, one of the largest manufacturing counties in the United States. Oil and gas production in Tarrant County accounts for 6.43 percent of total state production.

The Dallas/Fort Worth Area (DFW) is expected to grow by over 8 million people in the next 5 years (an increase of 3.7% from 2019).

Several nearby colleges and universities are located in Fort Worth including Texas Christian University and Texas Wesleyan University. Fort Worth is home to the nation's only industrial airport – Alliance Airport. Alliance is the heart of a booming Alliance industrial corridor, with a FedEx sorting hub as one of the major airport tenants.

### Enrollment Growth

Despite an enrollment decline related to the COVID-19 pandemic in 2020-21, WSISD enrollment currently exceeds pre-pandemic numbers, with 7,004 students. WSISD student enrollment is projected to increase by 15 percent (1,350 students) over the next 5 to 10 years. WSISD student enrollment has increased an average of 1 to 2 percent annually since 2011.

According to the District's demographer, School District Strategies, White Settlement ISD's enrollment will continue to increase at a steady growth rate of 1.5 percent to 3 percent annually over the next 5 to 10 years due to several new housing developments (see housing section below). The growth is analyzed on a quarterly basis and maybe adjusted due to development. The District's growth is not expected to peak within the next 10 years.

White Settlement ISD total staff has increased slightly over the last several years partly due to growth in the number of special sub-population groups such as bilingual students and special education students. Enrollment provides the basis for staffing, however, the Average Daily Attendance is the basis for computing state aid. The correlation between the two is very important.

### Housing

The residential growth of the District is the highest annual total in more than a decade. There were 645 total resales from the 3<sup>rd</sup> quarter 2020 to the 3<sup>rd</sup> quarter of 2021. The highest number of new home starts occurred with 410 new homes started in the District between the 3<sup>rd</sup> quarter of 2020 to the 3<sup>rd</sup> quarter 2021. This is the highest number of starts during a 12-month period since 2006.. As of December 2020, 4,9650 single family future lots are planned within WSISD. As of June 2021, there are a combined total of 5,957 total single-family lots in process/planned in White Settlement ISD. Sixty percent of the new residences are located in the Fort Worth portion of the district.

More new home building permits have been issued in the last several years than in the remainder of the North Texas area. There is a wide variety of housing, from popular downtown condos and lofts to ranch lifestyle in the outlying areas. A recent Nation City Corp. study concluded that home prices in the area are among the most affordable in the country.

The new builders are focusing on mid-price residences, ranging from \$280,000 to \$350,000 versus the surrounding areas that offer pricier homes. This is a strategy of the current builders to attract first-time home buyers to this market. These homes are value driven, entry-level and move up homes priced. The median new home price was \$243,844 for White Settlement ISD, \$320,000 for greater Fort Worth's and \$347,175 for the Dallas Fort Worth Area. Approximately 152 vacant, developed lots and 4,187 lots for future development remain in the District. In addition to the residences, there are a couple of multi-family construction projects underway.

### Employment

According to the Bureau of Labor Statistics, the Dallas-Fort Worth area nonfarm employment increased by 260,200 over the year in May 2020. The job growth rate for DFW of 7.4% compared to the national job growth rate of 9%. Currently, the District does not have any new large employers that have committed to move into the area; however, there are many new small businesses that have located in White Settlement in the last few years. White Settlement ISD largest employer, Lockheed Martin, is an American aerospace, defense, arms, security, advanced technologies company.

Prior to COVID (April 2020), the state's unemployment rate has been at or below the national rate for eleven consecutive years, according to the Bureau of Labor Statistics. In June 2020, the unemployment rate in the DFW area declined by 6%, compared to the national decline of 11.8 percent. Despite the DFW job losses in April, May, and June, DFW had the second-lowest rate of loss among the 12 largest metropolitan areas in the country. The unemployment rate for the DFW area in August 2020 was 8.4 percent compared to the nationwide rate of 11.2 percent.

## **Education**

White Settlement ISD empowers learners to be the innovators and leaders of tomorrow through engaging, hands-on instruction; the latest technology; and extra-curricular programs that meet the needs and interests of every student.

WSISD has earned a B accountability rating from the Texas Education Agency the past three years. The district is comprised of nine schools and 850 employees. The district offers four elementary campuses including the North Elementary STEAM Academy, a Fine Arts Academy, an Early Childhood Academy, an intermediate school (grades 5 and 6), a middle school (grades 7 and 8), a high school (grades 9 through 12), and an alternative campus.

White Settlement ISD is a Dell EMC Model School District. The district's Dell EMC certified educators work with staff to integrate the best practices in technology applications, enhancing student collaboration, imagination and problem-solving that results in digital learners that are prepared for the 21<sup>st</sup> century.

The district's 1-1 technology initiative provides all students in grades 3 through 12 with Dell laptops and all pre-kindergarten through second graders with iPads. Touchscreen smart boards are also utilized in classrooms at every grade level.

The district's growing Career and Technical Education (CTE) program provides students with a variety of career avenues including Health Science, Agriculture, Culinary Arts and Engineering. High school students can graduate with industry standard certifications through CTE classes, giving them the choice of entering into the workforce upon graduation. White Settlement ISD is the only district in Texas to offer an Unmanned Aircraft Systems (drone) program that enables students to receive Federal Aviation Administration certification.

WSISD offers rigorous, college-level curriculum as early as the sixth grade, ensuring that students are ready for post-secondary success. The Dual Credit Academy enables students to earn college credit while taking high school courses.

The district offers a variety of academic programs that accommodate our community of diverse learners. WSISD's dual language program enables both native Spanish and English speakers to develop proficiency in both English and Spanish. Dual Language students are on a pathway to earn the Seal of Biliteracy Award upon graduation.

Brewer Bears can participate in a variety of award-winning athletic and fine arts programs including band and color guard, choir, cross country, dance, theater, football, basketball, baseball, soccer, softball, tennis, track, volleyball, wrestling, powerlifting and more as well as CTE programs and clubs. More than 300 Brewer High School students competed at regional and state competitions in 2020-2021.

### **Charter Schools**

There is one Charter School within the White Settlement ISD enrollment boundaries. High Point Academy opened prior to the 2016-2017 school year. During the 2019-2020 school year, 284 White Settlement ISD students attended High Point Academy. There are two additional Charter Schools in close proximity to White Settlement ISD but outside of the attendance boundary. These two Charter Schools do not significantly impact the student enrollment, with less than 35 transfers each. Since White Settlement ISD is an open enrollment district, the number of student transfers from other districts is offset by the number of students who transfer out. The District administration is conservative when estimating the number of students for funding and staffing purposes, allowing for the loss of students to charter schools.

## **District of Innovation**

In January 2017, a committee of teachers, administrators and parents explored the possibility of becoming a "District of Innovation." Created during the 2015 legislative session, the designation allows school districts greater local control and flexibility regarding certain provision of the Texas Education Code in an effort to utilize the designation to better serve students.

White Settlement ISD's plan addresses the following areas: the first day of instruction, teacher certification, terms of probationary contracts, classroom ratios, and the evaluation tool for teachers and administrators.

The District of Innovation enables White Settlement ISD:

- To develop an academic calendar that starts earlier than the fourth Monday of August;
- To hire non-certified individuals who have industry experience in a Career and Technology Education field, who are proficient in the educational field, or who are proficient in the Fine Arts educational field;
- To issue a probationary contract for up to two years for experienced teachers, counselors, or nurses to allow for the district to better evaluate the teacher's effectiveness in the classroom;
- Flexibility to exceed the 22:1 ratio in the classroom in the event of unforeseen enrollment growth. White Settlement ISD's priority is to continue ensuring a 22:1 classroom ratio; and
- To use a locally developed evaluation system to better meet the needs of teachers and administrators.

The Board of Trustees held a public meeting on March 30, 2017 regarding the plan, and trustees adopted the plan during the public meeting on May 9, 2017. The plan was last amended in September 2019 to allow for the hiring of at-will, non-certified individuals who have industry experience in the Fine Arts Educational Field. The plan's exemptions are valid for five years.

### **Long Term Financial Planning**

In May 2021, the Long-Range Facilities Planning Committee was reestablished to update the District's Long-Range Plan. The committee included members of the Board of Trustees, White Settlement ISD Leadership Team, teachers, parents and community members.

Over a three-month period, members studied demographic reports, enrollment projects, district finances, tax impact scenarios, and a comprehensive assessment of every campus and facility in White Settlement ISD.

On May 27, 2021 the Long-Range Facilities Planning Committee presented its recommendations to the White Settlement ISD Board of Trustees during a Special Meeting.

On June 21, 2021 the Board of Trustees voted to call a \$115 million Bond Election and Voter Approved Tax Ratification Election (VATRE) for November 2, 2021.

Every Student, every school, every teacher and staff member in White Settlement ISD will be impacted by the projects in the proposed bond program. As part of the bond package, White Settlement ISD will undergo a grade level instructional realignment that will affect the elementary, intermediate and middle school campuses. The change would increase the capacity at all elementary schools, strengthen the kindergarten through fifth grade curriculum alignment, and create a stronger foundation for students as they transition to middle school. The realignment would begin in 3 to 5 years.

The VATRE funds will allow the district to achieve the following two goals set by the Strategic Planning Team.

- Add a Director of Counseling to oversee and establish a comprehensive five-year Guidance and Counseling plan. This goal also includes adding additional counselors and social workers throughout the district to respond to the increasing mental health needs of White Settlement ISD students.
- To recruit and retain high quality employees, which can be a challenge because White Settlement ISD competes with several larger school districts. Currently, White Settlement ISD ranks 32<sup>nd</sup> out of 48 districts on the United Educators Association Comparison of teacher salaries. Because school districts in our area have higher starting salaries, White Settlement ISD has a smaller applicant pool and higher turnover rate. The VATRE will also provide funds for salary increases for teachers and staff.

During the fiscal year 2020-2021, the District reduced debt portfolio by refinancing bonds at a lower interest rate. The District has refinanced bonds ten times in the last ten years and saved taxpayers millions of dollars by reducing the overall amount of outstanding debt. The District maintains an A+ rating from Fitch that allows WSISD to receive much lower interest rates. In January 2022, the District plans to pay callable bonds off early to further reduce and manage the debt of the district.

Since the Texas Legislature meets every two years to approve education funding, school districts are unable to accurately predict what mandates or funding changes will be implemented over the long-term. White Settlement ISD has accumulated unassigned fund balance in excess of \$17 million in General Fund Balance to prepare for uncertainties in future student enrollment growth, property values, and funding reductions.



## **Relevant Financial Information**

The District's management is responsible for establishing and maintaining internal controls that are designed to ensure that the assets of the District are protected from loss, theft, and misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

### **Single Audit**

As a recipient of federal, state, and local awards, the District also is responsible for ensuring that adequate controls, including that portion related to financial award programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's single audit for the year ended June 30, 2021 provided no instances of material weaknesses in the internal control over financial reporting or over compliance with applicable to each major program. In addition, the audit disclosed no material weaknesses of non-compliance with certain provision of laws, regulations, contracts and grants and that the District complied with all material compliance requirements applicable to each major program.

### **Budgetary Controls**

In addition to the above, the District maintains budgetary controls throughout all its financial systems. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the Board of Trustees. The annual expenditure budget serves as the foundation for the district's financial planning and control. Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The board legally adopts a budget for the General Fund, Debt Service Fund, and Child Nutrition Fund. Budgets for Special Revenue Funds (other than Child Nutrition) and Capital Projects Funds are prepared on a project basis, dependent on grant regulations or applicable bond ordinances.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is mandated at the functional category level within each fund. These functional categories are defined by Texas Education Agency and identify the purpose of transactions.

The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end unless specifically identified for rollover into the next fiscal year.

The financial statement format is prescribed by the Financial Accountability System Resource Guide of Texas Education Agency. As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

### **Fund Balance**

The total General Fund balance is managed as an integral part of the subsequent year's budget adoption and tax rate setting process. The Board of Trustees adopted a fund balance policy that requires the District to maintain between two to three months total operating expenditures in the unassigned general fund balance. The Board of Trustees voted to set aside \$1.4 million of oil and gas revenue for future technology improvements and replacements.

## **Independent Audit**

State law and District policy require an annual audit by independent certified public accountants. Pattillo, Brown, & Hill, LLP preformed the audit for fiscal year end June 30, 2021. In addition to meeting the requirements in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Uniform Guidance. The independent auditors' report on the basic financial statements is included in the financial section of this report. Also included in this report are the independent auditors' reports relating specifically to the single audit.

## **Report Information**

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with the generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards.

The Annual Comprehensive Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB), using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### **Finance Awards**

An important aspect of any budget is to ensure that dollars spent translate into intended results. Results can be measured by objective student achievements and major District accomplishments. The accomplishments listed in this section exemplify WSISD's steps toward excellence in attaining its District goals and objectives.

- GFOA Certificate of Achievement - White Settlement Independent School District received a Certificate of Achievement for the Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its Annual ACFR for the fiscal year end June 30, 2020. The Certificate of Achievement requires the governmental unit to publish an easily readable and efficiently organized ACFR with contents that conform to program standards. The ACFR also needs to satisfy both the GAAP and applicable legal requirements. This Certificate of Achievement is valid for one year only. We believe that this current report will conform to the Certificate of Achievement Program requirements and is being submitted to the GFOA review.
- The district also received the Association of School Business Officials' (ASBO) Certificate of Excellence in Financial Reporting for the prior fiscal year. This award certifies that the ACFR for the fiscal year ended June 30, 2020 substantially conforms to the principals and standards of reporting as recommended and adopted by ASBO. We believe that our current report will also meet the Certificate of Excellence Program requirements and will be submitted to ASBO for review.
- White Settlement ISD received the highest rating from the FIRST (Financial Accountability Rating System of Texas) program the past 18 years. The financial accountability rating system for Texas school districts, was developed by the Texas Education Agency. The primary goal is to achieve quality performance in the management of school district financial resources. The district received an "A" (Superior Achievement) rating during the 2020-21 school year as a result of the 2019-20 School FIRST report.
- White Settlement ISD earned the Transparency Stars Award for its continued progress toward achieving financial transparency. The Texas Comptroller's Leadership Circle program recognizes local governments across Texas that strive to meet a high standard for financial transparency online. The District's efforts to provide citizens with clear, consistent information in a user-friendly format have paved the way for achieving greater financial transparency. WSISD earned the star for Traditional Finances and Debt Obligations three consecutive years and the star for Contracts and Procurement the past two years.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire staff of the Business Services Department. We would like to express our sincere appreciation to all members of the departments and surrounding entities who assisted and contributed to the preparation of this report. We would also like to express appreciation to the Board of Trustees for their interest and support in the financial operations of the District. Finally, we would like to thank the residents of the District for their support of, and belief in, our public schools, and principals and teachers who provide the quality education for which the District has become known.

Respectfully submitted,

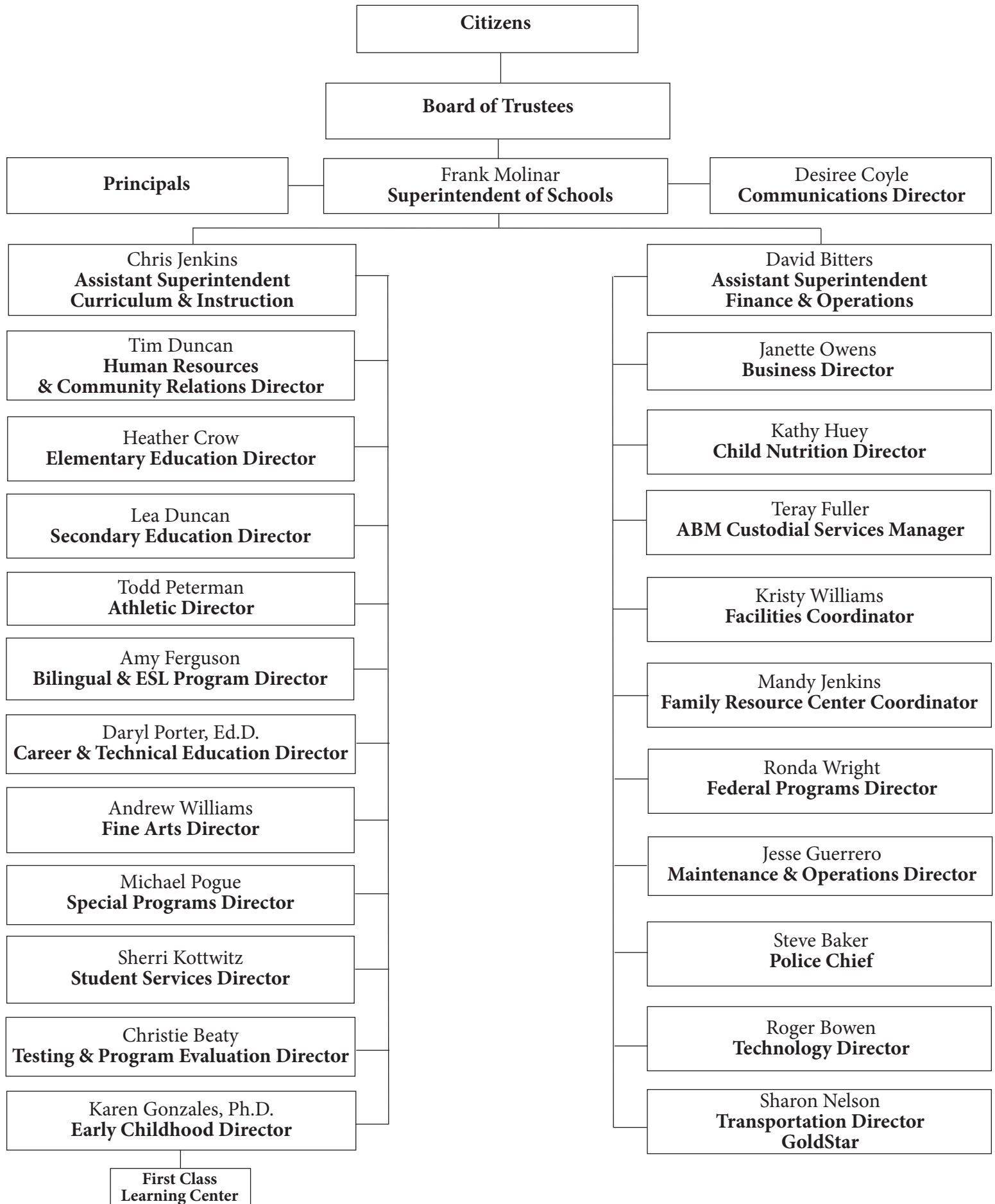


David Bitters  
Assistant Superintendent  
of Finance and Operations



Janette Owens  
Director of Business

# White Settlement ISD Organizational Chart



# **WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

## **PRINCIPAL OFFICIALS**

JUNE 30, 2021

### **Board of Trustees**

Ben Davis, President

John Bradley, Vice President

Melissa Brown, Secretary

Amanda Sanchez

Dr. Jeremy Lelek

Glen Lowry

Raymond Patterson

### **District Leadership**

Frank Molinar, Superintendent of Schools

David Bitters, Assistant Superintendent of Finance & Operations

Chris Jenkins, Assistant Superintendent of Curriculum, Instruction & Administrative Services

Tim Duncan, Human Resources & Community Relations Director

Desiree Coyle, Communications Director

Janette Owens, Business Director

CERTIFICATE OF BOARD

White Settlement Independent School District  
Name of School District

Tarrant  
County

220920  
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 June 30, 2021, at a meeting of the Board of Trustees of such school district on the 18th day of October, 2021.

  
\_\_\_\_\_  
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)



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**White Settlement  
Independent School District**

**for its Annual Comprehensive Financial Report (ACFR)  
for the Fiscal Year Ended June 30, 2020.**

The ACFR meets the criteria established for  
ASBO International's Certificate of Excellence.



*W. Edward Chabal*

W. Edward Chabal  
President

*David J. Lewis*

David J. Lewis  
Executive Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**White Settlement Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Ten Months Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees of  
White Settlement Independent School District  
White Settlement, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Settlement Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise White Settlement Independent School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of White Settlement Independent School District, as of June 30, 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.

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

### ***Emphasis of Matter – Change in Accounting Principle***

As described in the notes to the financial statements, in fiscal year 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise White Settlement Independent School District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of White Settlement 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 White Settlement Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering White Settlement Independent School District's internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
October 13, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the White Settlement Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements.

### Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflow of resources at the close of the most recent period by \$96,945,631 (net position - deficit). This is a decrease of \$263,397 in the current year, which is consistent with the prior year decrease and primarily due to the accretion of interest on capital appreciation bonds.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$41,471,158, an increase of \$4,997,456 from the prior year. Contributing to this change was the increase in the debt service fund balance. This increase is attributed to the debt service property tax revenue being slightly higher than the prior year, as well as proceeds from the District's issuance of refunding bonds during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,314,391 or 32% of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$16,358,781, or 29% of total General Fund expenditures.

### Overview of the Financial Statements

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

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

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

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

In the District's government-wide financial statements the functions of the District are being principally supported by taxes and intergovernmental revenues (governmental activities) The governmental activities of the District include instruction, school leadership, guidance, counseling and evaluation services, social work services, health services, student transportation, extracurricular activities, general administration, facilities maintenance and operations, security and monitoring services and community services.

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

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

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

The District maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, ESSER II fund and ESSER III fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds.** The District maintains one type of proprietary fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for the management of its retained risks for worker's compensation. This service has been included within *governmental activities* in the government-wide financial statements.

The internal service fund is included is a single column on the proprietary fund financial statements.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The District maintains one type of fiduciary fund. The *Custodial fund* reports resources held by the District is a custodial capacity primarily for student groups.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District's pension and OPEB plans.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$96,945,631 at the close of the most recent fiscal year.

	Governmental Activities		
	2021	2020	Change
Current and other assets	\$ 50,100,264	\$ 45,993,384	8.93%
Capital assets	<u>105,612,318</u>	<u>111,628,868</u>	-5.39%
Total assets	<u>155,712,582</u>	<u>157,622,252</u>	-1.21%
Deferred outflows of resources	<u>25,356,109</u>	<u>16,314,718</u>	55.42%
Current liabilities	9,266,492	10,217,442	
Long-term liabilities	<u>253,466,671</u>	<u>248,235,817</u>	2.11%
Total liabilities	<u>262,733,163</u>	<u>258,453,259</u>	1.66%
Deferred inflows of resources	<u>15,281,159</u>	<u>12,165,945</u>	25.61%
Net position:			
Net investment in capital assets	( 81,020,497)	( 76,463,248)	5.96%
Restricted	17,574,558	13,850,799	26.88%
Unrestricted	<u>( 33,499,692)</u>	<u>( 34,069,785)</u>	-1.67%
Total net position	<u>\$( 96,945,631)</u>	<u>\$( 96,682,234)</u>	0.27%

A large portion of the District's deficit net position, (\$81,020,497), reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, and accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's net investment in capital assets is a deficit primarily due to the long-term debt used to finance some of the District's capital assets maturing after capital assets are depreciated.

An additional portion of the District's net position, \$17,574,558, represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$33,499,692), is a deficit. This is not an indication that the District has insufficient resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

At the end of the current fiscal year, the District did not report positive balances in net investment in capital assets and unrestricted net position, and the same held true for the prior fiscal year.

# CHANGES IN NET POSITION

	Governmental Activities		
	2021	2020	Change
<b>REVENUES</b>			
Program revenues:			
Charges for services	\$ 1,634,803	\$ 2,292,553	-29%
Operating grants and contributions	15,176,245	13,545,729	12%
General revenues:			
Maintenance and operations taxes	23,612,919	22,969,632	3%
Debt service taxes	11,402,894	10,980,958	4%
Grants and contributions not restricted	31,008,614	30,151,552	3%
Investment earnings	38,379	354,771	-89%
Miscellaneous	<u>235,662</u>	<u>197,048</u>	20%
Total revenues	<u>83,109,516</u>	<u>80,492,243</u>	3%
<b>EXPENSES</b>			
Instruction	43,122,732	43,093,333	0%
Instructional resources and media services	395,083	380,693	4%
Curriculum and instructional staff development	1,130,864	1,146,010	-1%
Instructional leadership	1,557,034	1,421,072	10%
School leadership	4,725,377	4,435,519	7%
Guidance, counseling and evaluation services	2,658,329	2,556,297	4%
Social work services	104,639	100,023	5%
Health services	766,314	747,656	2%
Student (pupil) transportation	1,850,445	1,649,302	12%
Food services	3,597,537	4,130,023	-13%
Co-curricular/extra curricular activities	3,095,258	3,148,021	-2%
General administration	3,766,738	2,045,112	84%
Plant maintenance and operations	7,421,038	7,247,731	2%
Security and monitoring services	546,143	427,636	28%
Data processing services	2,261,751	1,878,927	20%
Community services	690,350	679,265	2%
Debt service - interest on long-term debt	5,466,247	7,545,093	-28%
Debt service - bond issuance costs	-	5,117	-100%
Payments related to shared services			
arrangements	58,500	22,620	159%
Other intergovernmental changes	<u>158,534</u>	<u>165,548</u>	-4%
Total expenses	<u>83,372,913</u>	<u>82,824,998</u>	1%
<b>CHANGE IN NET POSITION</b>	<u>( 263,397)</u>	<u>( 2,332,755)</u>	-89%
<b>NET POSITION, BEGINNING</b>	<u>( 96,682,234)</u>	<u>( 94,349,479)</u>	2%
<b>NET POSITION, ENDING</b>	<u>\$( 96,945,631)</u>	<u>\$( 96,682,234)</u>	0%

The District's net position decreased by \$263,397 from the prior fiscal year. This change is primarily due to an increase in the District's total long-term liabilities, as well as an excess of depreciation expense over fixed asset additions during the year.



## Financial Analysis of Governmental Funds

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

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board.

At year-end the District's governmental funds reported a combined ending fund balance of \$41,471,158, a net increase of \$4,997,456 from last year's combined fund balance. Unassigned fund balance is \$18,314,391, or 44% of total and is available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as non-spendable, restricted, committed, or assigned.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year the general fund's total fund balance was \$21,364,208, of which \$18,314,391, or 86% of total, is unassigned. The total fund balance increased by \$1,488,802 primarily due to expenditures related to the COVID-19 pandemic, which were reclassified to the ESSER II and ESSER III grant funds.

The Debt Service Fund ending fund balance was \$18,365,283, all of which is reserved for the payment of future debt service. The total fund balance increased by \$3,518,307 in comparison to the prior year. This increase resulted from increases in property tax revenue as a result of increases in net appraised property values in the District. Additionally, the District issued the 2020 and 2020A refunding bonds during the year, which provided proceeds in excess of the payment to the refunding escrow agent.

The ESSER II and ESSER III grant funds were created during the year ended June 30, 2021 to account for federal funds related to the COVID-19 pandemic; the grants were authorized by the CRRSA and ARP acts, respectively. Both funds had no fund balance as of June 30, 2021, as revenues equaled expenditures in both funds.

## General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories:

- Adjusting state revenue for updated average daily attendance projections.
- Amendment to reduce budgets for amounts not spent during the year.
- Other major amendments to the General Fund expenditures included a \$1,371,372 increase in Function 11 – Instruction for student technology and added personnel, a \$429,000 increase in Function 51 – Facilities Maintenance & Operations for improvement to facilities, an increase of \$342,572 in Function 34 – Transportation Services for added bus routes and white fleet buses purchased, and a \$585,470 increase in Function 53 – Data Processing Services for investments in new technology and related services.

The District's actual General Fund balance of \$21,364,208 differs from the General Fund's budgetary fund balance of \$17,563,688. The difference of \$3,800,520 is primarily due to actual expenditures being \$5,631,394 less than budgeted expenditures.

## Capital Assets and Debt Administration

**Capital Assets.** The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$105,612,318 (net of accumulated depreciation) for a net decrease of \$6,016,550 or 5.4% from last year. This investment in capital assets includes land, buildings and improvements, and furniture and equipment. The decrease was not due to the district disposing of significant assets, but rather due to depreciation accumulating in excess of additions.

Major additions for the current fiscal year included the purchase of a portable building for \$192,122 and network system upgrades totaling \$105,515.

**District's Capital Assets**

	2021	2020
Land	\$ 4,305,444	\$ 4,305,444
Building & improvements	205,874,164	205,582,466
Furniture & equipment	9,759,722	9,219,461
Less depreciation	( 114,327,012)	( 107,478,503)
Totals	\$ <u>105,612,318</u>	\$ <u>111,628,868</u>

Additional information about the District's capital assets are presented in note II, section D of the notes to the financial statements.

**Long-term Liability Administration.** At year-end, the District had \$253,466,671 in long-term liabilities versus \$248,235,817 last year. The change in long-term liabilities is primarily attributable to increases in the premium related to capital appreciation bonds, which offset the District's savings on principal and accreted interest from the issuance of the 2020 and 2020A refunding bonds.

**District's Outstanding Debt**

	2021	2020
Bonds payable	\$ 147,248,366	\$ 149,227,316
Notes payable	657,251	758,034
Accreted interest on CABs	7,721,983	16,697,641
Premium related to CABs	55,810,984	30,665,035
Premium on bonds	2,361,657	7,590,618
Maintenance tax note	3,655,000	4,180,000
Net Pension Liability (proportionate share)	18,307,147	17,639,050
Net OPEB Liability (proportionate share)	<u>17,704,283</u>	<u>21,478,123</u>
Totals	\$ <u>253,466,671</u>	\$ <u>248,235,817</u>

The State issues guidelines recommending that a government entity should limit the amount of general obligation debt to 10% of its total assessed valuation. The current debt limitation for the District is \$247,121,223. The District's current outstanding general obligation debt does not exceed this amount.

Additional information on the District's long-term liabilities can be found in note II, section F of the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The District's 2021-2022 refined average daily attendance (ADA) is expected to be 6313. The budget is based on an ADA of 6313.
- The District continues to grow at a rate of 1%-1.5% per year. Several new housing additions support the projection of continued growth. The District is calling a bond election on November 2, 2021 for the purpose of updating the capacity of district facilities.
- The current amended budget is a negative \$1,678,733. The negative amount includes a reduction in state funding of \$2,500,000 due to lower student enrollment.
- The District is continuing to work with its financial advisors and bond advisors to refinance bonded indebtedness to reduce debt amount. The District refinanced bonds in July and November of 2020.
- The District increased the maintenance and operations and debt service tax rates for 2021-2022. The debt service rate was increased to .48 from .4543 and the maintenance and operations tax rate was increased to .9803 from .9616. The increase in the debt rate is to pay off bonds before the scheduled maturity date. The increase in the maintenance and operations tax rate includes \$.08 for a voter approved tax ratification election that will allow the district to expand, the mental health program and give employees a substantial raise.

The District also considered the effects of the ongoing COVID-19 pandemic. Although the pandemic has resulted in an economic downturn and presents significant future uncertainty, the District's property tax revenues were not significantly affected. Although the pandemic could negatively affect next year's property tax collections or demand for services, statewide foundation revenue is expected to cover possible shortfalls in local revenue.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Office, at White Settlement I.S.D., 401 S. Cherry Lane, White Settlement, Texas 76108.

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## **BASIC FINANCIAL STATEMENTS**

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT A-1**

STATEMENT OF NET POSITION

JUNE 30, 2021

Data Control Codes		Governmental Activities
	<b>ASSETS</b>	
1110	Cash and cash equivalents	\$ 5,650,032
1120	Current investments	32,656,792
1220	Property taxes receivable (delinquent)	1,405,655
1230	Allowance for uncollectible taxes	( 616,053)
1240	Due from other governments	10,999,033
1300	Inventories	4,553
1410	Prepaid items	252
	Capital assets:	
1510	Land	4,305,444
1520	Buildings and improvements, net	98,179,371
1530	Furniture and equipment, net	<u>3,127,503</u>
1000	Total assets	<u>155,712,582</u>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701	Deferred loss on bond refunding	14,578,542
1705	Deferred outflow related to pensions	6,969,804
1706	Deferred outflow related to other post-employment benefits	<u>3,807,763</u>
1700	Total deferred outflows of resources	<u>25,356,109</u>
	<b>LIABILITIES</b>	
2110	Accounts payable	480,179
2140	Interest payable	2,041,885
2160	Accrued wages payable	6,441,718
2180	Due to other governments	285,921
2300	Unearned revenue	16,789
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	8,093,151
	Due in more than one year:	
2502	Long-term debt	209,362,090
2540	Net pension liability (proportionate share)	18,307,147
2545	Net other post-employment benefit liability (proportionate share)	<u>17,704,283</u>
2000	Total liabilities	<u>262,733,163</u>
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605	Deferred inflow related to pensions	2,317,086
2606	Deferred inflow related to other post-employment benefits	<u>12,964,073</u>
2600	Total deferred inflows of resources	<u>15,281,159</u>
	<b>NET POSITION</b>	
3200	Net investment in capital assets	( 81,020,497)
	Restricted for:	
3820	Federal and state programs	985,067
3850	Debt service	16,575,245
3890	GAP awards	14,246
3900	Unrestricted	<u>( 33,499,692)</u>
3000	Total net position (deficit)	<u>\$ ( 96,945,631)</u>

The accompanying notes are an integral part of this financial statement.

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Functions/Programs	1	Program Revenues 3
		Expenses	Charges for Services
	<b>Primary government:</b>		
	Governmental activities:		
11	Instruction	\$ 43,122,732	\$ 467,938
12	Instructional resources and media services	395,083	-
13	Curriculum and staff development	1,130,864	-
21	Instructional leadership	1,557,034	-
23	School leadership	4,725,377	-
31	Guidance, counseling, and evaluation services	2,658,329	-
32	Social work services	104,639	-
33	Health services	766,314	-
34	Student transportation	1,850,445	-
35	Food service	3,597,537	281,617
36	Extracurricular activities	3,095,258	885,248
41	General administration	3,766,738	-
51	Facilities maintenance and operations	7,421,038	-
52	Security and monitoring services	546,143	-
53	Data processing services	2,261,751	-
61	Community services	690,350	-
72	Interest on long-term debt	5,466,247	-
93	Payments for shared services arrangements	58,500	-
99	Other intergovernmental changes	158,534	-
	[TP] Total primary government	\$ <u>83,372,913</u>	\$ <u>1,634,803</u>
	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes		
DT	Property taxes, levied for debt service		
GC	Grants and contributions not restricted to specific programs		
IE	Investment earnings		
MI	Miscellaneous		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning		
NE	Net position, ending		

The accompanying notes are an integral part of this financial statement.



Program Revenues	Net (Expenses) Revenue and Changes in in Net Position
4	6
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 5,934,226	\$ ( 36,720,568)
17,167	( 377,916)
600,609	( 530,255)
108,554	( 1,448,480)
303,617	( 4,421,760)
874,623	( 1,783,706)
5,362	( 99,277)
40,238	( 726,076)
155,614	( 1,694,831)
2,906,474	( 409,446)
96,147	( 2,113,863)
124,563	( 3,642,175)
3,144,442	( 4,276,596)
141,454	( 404,689)
241,318	( 2,020,433)
72,541	( 617,809)
346,700	( 5,119,547)
62,596	4,096
-	( 158,534)
<u>\$ 15,176,245</u>	<u>\$ ( 66,561,865)</u>

23,612,919  
11,402,894

31,008,614  
38,379

235,662  
66,298,468

( 263,397)

( 96,682,234)

\$ ( 96,945,631)

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

JUNE 30, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund	281 ESSER II Grant, CRRSA Act
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 4,537,444	\$ 580,636	\$ -
1120	Investments - current	13,340,684	18,070,568	-
1220	Property taxes - delinquent	952,665	452,990	-
1230	Allowance for uncollectible taxes (credit)	( 414,910)	( 201,143)	-
1240	Receivables from other governments	7,017,162	-	2,470,982
1260	Due from other funds	3,514,718	-	-
1300	Inventories	-	-	-
1410	Prepaid items	252	-	-
1000	Total assets	<u>28,948,015</u>	<u>18,903,051</u>	<u>2,470,982</u>
<b>LIABILITIES</b>				
2110	Accounts payable	187,610	-	-
2160	Accrued wages payable	5,983,925	-	-
2170	Due to other funds	260,264	-	2,470,982
2180	Due to other governments	-	285,921	-
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>6,431,799</u>	<u>285,921</u>	<u>2,470,982</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable revenue	<u>1,152,008</u>	<u>251,847</u>	<u>-</u>
2600	Total deferred inflows of resources	<u>1,152,008</u>	<u>251,847</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3430	Prepaid items	252	-	-
Restricted:				
3450	Federal or state grant restrictions	-	-	-
3480	Retirement of long-term debt	-	18,365,283	-
3490	GAP awards	-	-	-
3545	Committed for campus activity	-	-	-
Assigned:				
3590	Future technology purchases	1,438,782	-	-
3590	Subsequent year's budget	1,610,783	-	-
3600	Unassigned	<u>18,314,391</u>	<u>-</u>	<u>-</u>
3000	Total fund balances	<u>21,364,208</u>	<u>18,365,283</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	\$ <u>28,948,015</u>	\$ <u>18,903,051</u>	\$ <u>2,470,982</u>

The accompanying notes are an integral part of this financial statement.

282 ESSER III Grant, ARP Act	Other Funds	Total Governmental Funds
\$ -	\$ 513,993	\$ 5,632,073
-	1,245,540	32,656,792
-	-	1,405,655
-	-	( 616,053)
1,013,544	497,345	10,999,033
-	-	3,514,718
-	4,553	4,553
-	-	252
<u>1,013,544</u>	<u>2,261,431</u>	<u>53,597,023</u>
-	14,990	202,600
-	457,793	6,441,718
1,013,544	30,192	3,774,982
-	-	285,921
-	16,789	16,789
<u>1,013,544</u>	<u>519,764</u>	<u>10,722,010</u>
-	-	1,403,855
-	-	1,403,855
-	-	252
-	985,067	985,067
-	-	18,365,283
-	14,246	14,246
-	742,354	742,354
-	-	1,438,782
-	-	1,610,783
-	-	18,314,391
-	1,741,667	41,471,158
<u>\$ 1,013,544</u>	<u>\$ 2,261,431</u>	<u>\$ 53,597,023</u>

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT C-2****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

Total fund balances - governmental funds	\$ 41,471,158
Amounts reported for for governmental activities in the statement of net position are different because:	
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,612,318
2 Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	789,602
School health and related services (SHARS)	614,253
3 Net position of the internal service fund is shown as part of the proprietary funds, but is reported as part of governmental activities on the statement of net position.	644
4 Long-term liabilities, including bonds, accreted interest and tax notes, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	
General and certificates of obligation	( 206,714,350)
Notes payable	( 657,251)
Unamortized premium	( 2,361,657)
Accreted interest	( 7,721,983)
Deferred loss on refunding	14,578,542
5 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	( 2,041,885)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68.	
Net pension liability - proportionate share	( 18,307,147)
Deferred outflows related to pensions	6,969,804
Deferred inflows related to pensions	( 2,317,086)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75.	
Net OPEB liability - proportionate share	( 17,704,283)
Deferred outflows related to OPEB	3,807,763
Deferred inflows related to OPEB	( 12,964,073)
Net position of governmental activities	<u>\$ ( 96,945,631)</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund	281 ESSER II Grant, CRRSA Act
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 24,651,742	\$ 11,480,518	\$ -
5800	State program	34,059,309	346,700	-
5900	Federal program	787,002	-	2,470,982
5020	Total revenues	<u>59,498,053</u>	<u>11,827,218</u>	<u>2,470,982</u>
<b>EXPENDITURES</b>				
	Current:			
0011	Instruction	35,159,809	-	-
0012	Instructional resources and media services	267,414	-	-
0013	Curriculum and instructional staff development	477,077	-	-
0021	Instructional leadership	1,410,433	-	-
0023	School leadership	4,183,587	-	-
0031	Guidance, counseling and evaluation services	1,711,392	-	-
0032	Social work services	81,361	-	-
0033	Health services	664,657	-	-
0034	Student (pupil) transportation	1,727,397	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	2,196,822	-	-
0041	General administration	2,080,082	-	-
0051	Facilities maintenance and operations	3,682,120	-	2,407,033
0052	Security and monitoring services	454,026	-	-
0053	Data processing services	2,336,697	-	63,949
0061	Community services	526,926	-	-
	Debt service:			
0071	Principal on long term debt	625,783	4,640,000	-
0072	Interest on long term debt	114,134	3,665,606	-
0073	Bond issuance costs and fees	-	1,384,301	-
	Capital Outlay:			
0081	Facilities acquisition and construction	151,000	-	-
	Intergovernmental:			
0093	Payments for SSA	-	-	-
0099	Other intergovernmental charges	<u>158,534</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>58,009,251</u>	<u>9,689,907</u>	<u>2,470,982</u>
1100	Excess (deficiency) of revenues over (under) expenditures	1,488,802	2,137,311	-
<b>OTHER FINANCING SOURCES (USES)</b>				
7911	Proceeds from issuance of bonds	-	120,310,931	-
7916	Premium on issuance of bonds	-	49,504,076	-
8940	Payment to bond escrow agent	-	( 168,434,011)	-
7080	Total other financing sources (uses)	<u>-</u>	<u>1,380,996</u>	<u>-</u>
1200	Net change in fund balances	<u>1,488,802</u>	<u>3,518,307</u>	<u>-</u>
0100	Fund balance - July 1 (beginning)	<u>19,875,406</u>	<u>14,846,976</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 21,364,208</u>	<u>\$ 18,365,283</u>	<u>\$ -</u>

The accompanying notes are an integral  
part of this financial statement.

282 ESSER III Grant, ARP Act	Other Funds	Total Governmental Funds
\$ -	\$ 1,042,043	\$ 37,174,303
-	348,174	34,754,183
<u>1,013,544</u>	<u>6,669,428</u>	<u>10,940,956</u>
<u>1,013,544</u>	<u>8,059,645</u>	<u>82,869,442</u>
779,912	2,203,540	38,143,261
-	-	267,414
826	570,467	1,048,370
2,385	295	1,413,113
-	-	4,183,587
-	660,454	2,371,846
-	-	81,361
-	-	664,657
122,063	-	1,849,460
-	3,177,582	3,177,582
-	681,537	2,878,359
15,890	4,570	2,100,542
92,468	511,618	6,693,239
-	114,599	568,625
-	60,021	2,460,667
-	26,115	553,041
-	-	5,265,783
-	-	3,779,740
-	-	1,384,301
-	-	151,000
-	58,500	58,500
-	-	158,534
<u>1,013,544</u>	<u>8,069,298</u>	<u>79,252,982</u>
-	( 9,653)	3,616,460
-	-	120,310,931
-	-	49,504,076
-	-	( 168,434,011)
-	-	1,380,996
-	( 9,653)	4,997,456
-	1,751,320	36,473,702
\$ -	\$ 1,741,667	\$ 41,471,158

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$ 4,997,456
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets	831,959
Depreciation on capital assets	( 6,848,509)
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	( 176,299)
Grants	( 193)
School health and related services (SHARS)	( 49,000)
The District uses an internal service fund to charge the cost of self-insurance and printing to the appropriate functions in other funds. The net income of the internal service fund is reported as a part of governmental activities which increases net position.	644
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repayment	3,789,887
Proceeds from bond issuance	( 120,310,931)
Premium on bond issuance	( 49,504,076)
Payment to bond refunding escrow agent	168,434,011
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium and deferred loss on refunding of bonds payable	( 949,590)
Accreted interest on capital appreciation bonds	453,757
Accrued interest payable	285,222
GASB 68 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,253,882. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,195,854. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,684,556. The net result is a decrease in the change in net position.	( 1,626,528)
GASB 75 Required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$303,739. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$285,664. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$390,718. The net result is an increase in the change in net position.	408,793
<b>Change in net position of governmental activities</b>	<u><u>\$ ( 263,397)</u></u>

The accompanying notes are an integral part of this financial statement.



**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT D-1**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

JUNE 30, 2021

	<u>Governmental Activities Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 17,959
Due from other funds	<u>260,264</u>
Total current assets	<u>278,223</u>
 Total assets	 <u>278,223</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>277,579</u>
Total current liabilities	<u>277,579</u>
 Total liabilities	 <u>277,579</u>
<b>NET POSITION - UNRESTRICTED</b>	 \$ <u><u>644</u></u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT D-2**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities Internal Service Funds</u>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ <u>264,550</u>
Total operating revenues	<u>264,550</u>
<b>OPERATING EXPENSES</b>	
Professional and contracted services	<u>263,906</u>
Total operating expenses	<u>263,906</u>
<b>OPERATING INCOME</b>	644
<b>NET POSITION, BEGINNING</b>	<u>-</u>
<b>NET POSITION, ENDING</b>	\$ <u>644</u>

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from user charges	\$ 347,817
Payments for insurance claims	( 342,578)
Payments for supplies	( 199)
Net cash provided by operating activities	<u>5,040</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,040
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>12,919</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>17,959</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	644
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in due from other funds	83,267
(Decrease) in accounts payable	( 78,871)
Net cash provided by operating activities	<u>\$ 5,040</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT E-1**

## STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND

JUNE 30, 2021

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>40,430</u>
Total assets	<u>40,430</u>
<b>NET POSITION</b>	
Restricted for student groups	<u>40,430</u>
Total net position	\$ <u><u>40,430</u></u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT E-2**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Collections from student groups	\$ <u>73,982</u>
Total additions	<u>73,982</u>
<b>DEDUCTIONS</b>	
Payments on-behalf of student groups	<u>72,987</u>
Total deductions	<u>72,987</u>
<b>NET INCREASE (DECREASE) INFIDUCIARY NET POSITION</b>	995
<b>NET POSITION, BEGINNING</b>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>39,435</u>
<b>NET POSITION, ENDING</b>	\$ <u><u>40,430</u></u>

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# WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

White Settlement Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (the "Board") is elected by the public and it has the decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB"). There are no component units included within the reporting entity.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, state foundation funds and intergovernmental revenue.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a given function or segment of the District, examples include tuition paid by students not residing in the District, school lunch charges, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a given function or segment, examples include grants under the Elementary and Secondary Education Act. Taxes and other items not properly included among program revenue are reported instead as general revenue.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, similar to accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major funds:

**General Fund** – The General Fund is the District’s primary operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs accounted for in another fund.

**Debt Service Fund** – The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt. Revenues include property taxes, state funding under the Instructional Facilities and Existing Debt Allotments and earned interest. The fund balance represents amounts that are available for retirement of future payments of principal, interest and fees.

**ESSER II Grant Fund** – The ESSER II Grant Fund accounts for federal stimulus Elementary and Secondary School Emergency Relief funds granted to the District through the CRRSA Act to support the entity’s liability to operate and instruct their students during the COVID-19 pandemic.

**ESSER III Grant Fund** – The ESSER III Grant Fund accounts for federal stimulus Elementary and Secondary School Emergency Relief funds granted to the District through the ARP Act to support the entity’s ability to operate and instruct their students during the COVID-19 pandemic.

In addition, the District reports the following fund types:

**Proprietary Funds - Internal Service Funds** – These funds account for the District’s self-insurance for worker’s compensation, and copies and faxes of the District.

**Fiduciary Fund – Custodial Fund** – This Fund accounts for activities of student groups. This accounting reflects the District’s custodial relationship with student activity organizations.



During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses**

**Deposits and Investments**

The District's cash and cash equivalents are considered as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. Interest earned on pooled cash and investments is allocated to the participating funds on a pro rata basis according to the fund's percentage of the total pooled cash or investments. Funds with discrete bank accounts retain all investment earnings.

TexPool, LoneStar and TexStar have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**Property Taxes**

Delinquent property tax receivables are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Property taxes are levied by October 1 and are due and payable at that time. The Board establishes the District's property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2020, were \$.9616 and \$0.4543 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$2,348,638,251.

The legally authorized tax rate limit for the District is \$1.17 per \$100 assessed valuation for maintenance and operations. On January 1 of each year, a tax lien attaches to property to secure the payment of penalties imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during the 60-day period after the close of the District's fiscal year.

**Inventories and Prepaid Items**

The District uses the consumption method to account for inventories of food products, school supplies, and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve. Inventories of food commodities used in the food service program are recorded at acquisition value. Although commodities are received at no cost, the acquisition value is recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the governmental-activities column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Capital lease assets of the District are depreciated using the straight-line method over the following estimated lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Buildings and improvements	20-50
Furniture and equipment	10-15

### **Unearned Revenues**

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities.

### **Long-term Obligations**

General obligation bonds which have been issued to fund the District's capital projects are to be repaid from tax revenues of the District. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Compensated Absences**

Upon retirement from the District, employees shall receive \$15 for each year of verifiable service to the District. In addition, retirees who have completed at least five years of consecutive District service shall be reimbursed for all unused personal and/or sick leave at the rate of \$10 per day. These benefits are recorded whenever the expenditure is incurred.

### **Defined-Benefit Pension Plan**

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

## **Other Post-Employment Benefits**

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

## **Deferred Outflows/Inflow of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. It is deferred charge on refunding and deferred outflow related to TRS reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of inflows, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from two sources: property taxes and school health and related services (SHARS). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes their share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension liability.

## **Net Position**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **Net Position Flow Assumption**

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

## **Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Non-spendable:** This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

- **Restricted:** This classification includes the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor. Grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, construction programs, debt service, and other restrictions.
- **Committed:** This classification includes the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes campus activity funds.
- **Assigned:** This classification includes the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. 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 of the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is a specific purpose that is narrower than the general purposes of the District itself.
- **Unassigned:** This classification includes the residual classification of the General Fund and includes all amounts not contained in other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures. Only the General Fund will have unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

### **Fund Balance Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (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.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year end.

### **Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as into the next fiscal year. It is at least reasonably possible that the foundation revenue for the fiscal year will ultimately change from the amount calculated as of June 30, 2021 because of the factors that TEA uses in its calculations.

### **Data Control Codes**

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

## II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### A. Deposits and Investments

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

Cash and deposits of the District include all amounts deposited at the District's depository bank, including demand deposits and certificates of deposit. As of year-end the District's cash deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The following are investments held by the District at year-end:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
Tex Pool	\$ 12,986,338	39.8%	29
Tex Pool Prime	4,380,964	13.4%	49
TexStar	13,186,168	40.4%	40
Lone Star	<u>2,103,322</u>	<u>6.4%</u>	47
	<u>\$ 32,656,792</u>	<u>100.0%</u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of returns, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposits issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivision of any state having been rated as to investment quality no less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or on nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provision governing investments for the District are specified below:

**Credit Risk** – This is the risk that a security issuer may default on an interest or principal payment. State law limits investment in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAm.

**Custodial Credit Risk – Investments:** For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment in TexPool, Lone Star and TexStar are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of June 30, 2021, the District's investments in TexPool, Lone Star and TexStar are rated AAAM.

**Concentration of Credit Risk** – To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investments risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

**Interest Rate Risk** – The risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District limits the weighted average maturity of its portfolio. Management considers interest rate risk to be minimal due to the diversity and liquidity requirements imposed on the external investment pools.

## **B. Interfund Receivables and Payables**

The following is a summary of amounts due to and due from other funds:

	Due From Other Funds	Due To Other Funds
General fund	\$ 3,514,718	\$ 260,264
ESSER II grant	-	2,470,982
ESSER III grant	-	1,013,544
Nonmajor governmental	-	30,192
Internal Service Fund	260,264	-

Interfund receivables and payables generally arise from short-term cash advances between different funds with balances being repaid generally within one year.

## **C. Operating Leases**

The District leases office equipment and automobiles under noncancelable operating leases. Total costs for such leases were \$159,690 for the year. The future minimum lease payments for active operating leases are summarized below:

Year Ending June 30	Amount
2022	46,380
2023	46,380
2024	46,380
2025	46,380
2026	40,100

#### **D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,305,444	\$ -	\$ -	\$ 4,305,444
Total capital assets, not being depreciated	4,305,444	-	-	4,305,444
Capital assets, being depreciated:				
Buildings and improvements	205,582,466	291,698	-	205,874,164
Furniture and equipment	9,219,461	540,261	-	9,759,722
Total capital assets, being depreciated	214,801,927	831,959	-	215,633,886
Less accumulated depreciation for:				
Buildings and improvements	101,443,722	6,251,071	-	107,694,793
Furniture and equipment	6,034,781	597,438	-	6,632,219
Total accumulated depreciation	107,478,503	6,848,509	-	114,327,012
Total governmental activities				
capital assets, net	\$ 111,628,868	\$ ( 6,016,550)	\$ -	\$ 105,612,318

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

Governmental activities:	
Instruction	\$ 3,939,500
Instruction Resources & Media Services	121,833
Curriculum & Instructional Staff Development	46,190
Instructional Leadership	104,429
School Leadership	420,392
Guidance, Counseling & Evaluation Services	194,799
Social Work Services	20,752
Health Services	78,321
Student (Pupil) Transportation	154,372
Food Services	370,186
Extracurricular Activities	170,700
General Administration	230,948
Plant Maintenance & Operations	816,015
Security & Monitoring Services	32,132
Data Processing Services	23,429
Community Services	124,511
Total depreciation expense	\$ 6,848,509

#### **E. Deferred Inflows of Resources**

At June 30, 2021, the District reported the following deferred inflows of resources in the governmental funds:

	General	Debt Service	Total
Unavailable revenue - property taxes	\$ 362,406	\$ 251,847	\$ 614,253
Unavailable revenue - SHARS cost settlement	789,602	-	789,602
Totals	\$ 1,152,008	\$ 251,847	\$ 1,403,855

## F. Long-Term Debt

Changes in the District's long-term liabilities for the year ended June 30, 2021 are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 149,227,316	\$ 120,310,931	\$ 122,289,881	\$ 147,248,366	\$ 4,789,025
Notes Payable	758,034	-	100,783	657,251	103,151
Accreted interest on CABs	16,697,641	236,396	9,212,054	7,721,983	755,146
Premium related to CABs	30,665,035	48,242,423	23,096,474	55,810,984	1,905,829
Premium on bonds	7,590,618	1,261,653	6,490,614	2,361,657	-
Maintenance tax notes	4,180,000	-	525,000	3,655,000	540,000
Total	<u>\$ 209,118,644</u>	<u>\$ 170,051,403</u>	<u>\$ 161,714,806</u>	<u>\$ 217,455,241</u>	<u>\$ 8,093,151</u>

### Maintenance Tax Notes

The District has issued maintenance tax notes pursuant to Chapter 45, Texas Education Code, as amended and as authorized by duly qualified electors. Local Maintenance tax levies are used to retire this current year maintenance tax note and prior years maintenance tax note obligations payable from the General Fund.

Issue/Maturity Dates	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
Series 2013							
2013/28	2.38%	\$ 4,610,000	\$ 2,630,000	\$ -	\$ 315,000	\$ 2,315,000	\$ 320,000
Series 2015							
2016/25	2.49%	1,400,000	875,000	-	135,000	740,000	140,000
Series 2017							
2017/27	2.34%	<u>825,000</u>	<u>675,000</u>	<u>-</u>	<u>75,000</u>	<u>600,000</u>	<u>80,000</u>
		<u>\$ 6,835,000</u>	<u>\$ 4,180,000</u>	<u>\$ -</u>	<u>\$ 525,000</u>	<u>\$ 3,655,000</u>	<u>\$ 540,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the maintenance tax notes.

Year Ended June 30,	Principal	Interest	Total Requirements
2022	\$ 540,000	\$ 84,884	\$ 624,884
2023	550,000	71,848	621,848
2024	565,000	58,510	623,510
2025	560,000	44,932	604,932
2026	575,000	31,352	606,352
2027-2028	<u>865,000</u>	<u>28,726</u>	<u>893,726</u>
Totals	<u>\$ 3,655,000</u>	<u>\$ 320,252</u>	<u>\$ 3,975,252</u>

The District paid \$97,618 in interest expense during the year.

### Notes Payable

The notes payable outstanding at June 30, 2021, were issued for the purpose of installing high-efficiency lighting in district buildings. The notes are secured by the purchased equipment. The original principal amount totaling \$758,034 is payable in annual installments with an interest rate of 2.4%. Final Maturity of the notes is August 15, 2026.



The annual debt service requirements to maturity for notes payable is as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2022	\$ 103,151	\$ 14,536	\$ 117,687
2023	105,627	12,031	117,658
2024	108,162	9,465	117,627
2025	110,757	6,838	117,595
2026	113,416	4,148	117,564
2027	<u>116,138</u>	<u>1,394</u>	<u>117,532</u>
Totals	<u>\$ 657,251</u>	<u>\$ 48,412</u>	<u>\$ 705,663</u>

### **Bonds Payable**

Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings.

A summary of changes in general obligation bonds for the year ended June 30, 2021, are as follows:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Issued	Retired/ Refunded	Ending Balance	Amounts Due Within One Year
Series 2003 ULB Bonds/2033	3.125%/ 5.90%	\$ 20,883,645	\$ 2,669,134	\$ -	\$ -	\$ 2,669,134	\$ -
Series 2011 UTR Bonds/2034	3.54%/ 6.00%	8,328,990	7,790,418	-	7,720,418	70,000	70,000
Series 2012 UTR Bonds/2031	0.3%/ 3.61%	30,574,884	28,277,424	-	27,174,949	1,102,475	599,025
Series 2013 UTR Bonds/2045	2.0%/ 5.00%	40,160,142	40,160,152	-	38,460,152	1,700,000	535,000
Series 2014 UTR Bonds/2045	0.6%/ 5.00%	49,374,874	48,501,362	-	47,729,362	772,000	-
Series 2015A UTR Bonds/2037	2.0%/ 5.00%	16,155,000	13,430,000	-	940,000	12,490,000	550,000
Series 2015B UTR Bonds/2041	2.0%/ 4.59%	7,268,826	7,013,826	-	30,000	6,983,826	-
Series 2016 UTR Bonds/2032	2.0%/ 3.00%	2,115,000	1,385,000	-	235,000	1,150,000	235,000
Series 2020 UTR Bonds/2032	1.35%/ 1.49%	7,661,645	-	7,661,645	-	7,661,645	-
Series 2020A UTR Bonds/2032	2.25%/ 2.76%	112,649,286	-	<u>112,649,286</u>	-	<u>112,649,286</u>	<u>2,800,000</u>
Totals			<u>\$ 149,227,316</u>	<u>\$ 120,310,931</u>	<u>\$ 122,289,881</u>	<u>\$ 147,248,366</u>	<u>\$ 4,789,025</u>

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

Year Ended June 30,	Principal	Interest	Total Requirements
2022	\$ 7,450,000	\$ 4,681,758	\$ 12,131,758
2023	5,720,000	4,003,075	9,723,075
2024	6,110,000	3,963,690	10,073,690
2025	6,460,000	3,924,815	10,384,815
2026	6,560,000	3,908,015	10,468,015
2027-2031	37,170,000	19,131,976	56,301,976
2032-2036	41,305,000	20,520,865	61,825,865
2037-2041	52,435,000	16,075,469	68,510,469
2042-2046	<u>67,190,000</u>	<u>5,102,264</u>	<u>72,292,264</u>
Totals	<u>\$ 230,400,000</u>	<u>\$ 81,311,927</u>	<u>\$ 311,711,927</u>

Less:

Premium on CABs	( 55,810,984)
Current accreted interest on CABs	( 7,721,983)
Future accreted interest on CABs	<u>( 19,618,667)</u>
Total bonds payable, 6/30/2021	<u>\$ 147,248,366</u>

There are numerous limitations and restrictions contained in the various general obligation bond indentures. The District has complied with all significant limitations and restrictions as of June 30, 2021.

#### ***Current Refunding of Long-Term Debt***

In August 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020 in the amount of \$7,661,645, for the purpose of refunding a portion of existing bonds at a present value savings. The issuance includes \$7,370,000 of current interest bonds with interest rates ranging from 1.8% to 4% and \$291,645 of capital appreciation bonds (CABs) with a maturity value of \$1,030,000. Beginning in fiscal year 2021, the CABs accrete interest annually to the final maturity value, to be redeemed in 2031. The proceeds were used to refund \$7,340,000 of Unlimited Tax Refunding Bonds, Series 2011, which were called on the refunding date and are now extinguished. The refunding transaction reduced the District's total debt service payments by \$3,133,442 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,614,380. The reacquisition price exceeded the net carrying amount of the old debt by \$3,553. This insignificant amount was expensed in the current year instead of amortizing over the remaining life of the refunded debt.

#### ***Advance Refunding of Long-Term Debt***

In August 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020A in the amount of \$112,649,286, for the purpose of refunding a portion of existing bonds at a present value savings. The issuance includes \$109,195,000 of current interest bonds with interest rates ranging from 0.3% to 2.8% and \$3,454,286 of capital appreciation bonds (CABs) with a maturity value of \$63,210,000. Beginning in fiscal year 2021, the CABs accrete interest annually to the final maturity value, to be redeemed in series from 2023 to 2035.

The transaction refunded three existing bonds totaling \$143,172,739 including related premiums and deferred losses of \$3,014,620. The bonds had scheduled maturities ranging from 2023 to 2045 and will be callable in fiscal years 2022, 2024 and 2025. The net proceeds of \$158,630,167 (including a \$45,980,881 total premium after payment of underwriting fees and other issuance costs) from the new debt have been placed in an irrevocable escrow account to pay future debt service until the call dates. Thus, the old bonds are considered defeased and have been removed from the District's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$14,675,239. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the new debt. The advance refunding reduced the District's total debt service payments by \$25,587,804 to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$18,422,585.

#### ***Defeased Debt***

As of June 30, 2021, the total amount of defeased bonds still outstanding is \$170,255,000 and will be callable in fiscal years 2022, 2024, and 2025.

The District's outstanding bonds payable contain a provision that, in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding tax notes contain a provision that, in an event of default, outstanding amounts become immediately due.

### **G. Net Position**

At year-end net position was a deficit of \$96,945,631. A large portion of this deficit is related to the corresponding deferred outflows/inflows and liabilities of the District's proportionate share of the TRS pension and OPEB liabilities. These items reduce net position by \$13,654,429 (pension) and \$26,860,593 (OPEB). Additionally, the District's capital assets are being depreciated faster than the long-term liabilities are being paid off that were to fund the purchase of these capital assets.

## **H. Defined Benefit Pension Plan**

**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.

**Pension Plan Fiduciary Net Position** - Detailed 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 [www.trs.texas.gov](http://www.trs.texas.gov), by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

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

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

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions		\$ 1,468,918
Current fiscal year member contributions		3,361,833
2020 measurement year NECE on-behalf contributions		2,252,073

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, and or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

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

**Actuarial Assumptions** - The total pension liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020 and was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return	7.25%
Inflation	2.3%
Salary Increases Including Inflation	3.05% to 9.05%
Payroll Growth Rate	3.0%
Benefit Changes During the Year	None
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.

**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 (see page 53 of the TRS ACFR) are summarized below:

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Geometric Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag <sup>3</sup>			-0.67%
Expected Return	100.00%		7.33%

<sup>1</sup> Target allocations are based on the FY2020 policy model.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of net pension liability	\$ 28,229,294	\$ 18,307,147	\$ 10,245,621

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2021, the District reported a liability of \$18,307,147 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 18,307,147
State's proportionate share that is associated with the District	<u>29,233,114</u>
Total	<u>\$ 47,540,261</u>

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

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0341819356% which was an increase of 0.0002496755% from its proportion measured as of August 31, 2019.

For the year ended June 30, 2021, the District's pension expense was \$6,396,505 and revenue of \$3,516,095 for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 33,427	\$ 510,904
Changes in actuarial assumptions	4,247,910	1,806,182
Difference between projected and actual investment earnings	370,613	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,063,972	-
Contributions paid to TRS subsequent to the measurement date	<u>1,253,882</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 6,969,804</u>	<u>\$ 2,317,086</u>

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

Fiscal Year Ended June 30,	Pension Expense
2022	\$ 940,756
2023	1,152,899
2024	1,059,650
2025	381,864
2026	( 137,311)
Thereafter	978

#### **I. Defined Other Post-Employment Benefit Plan**

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

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

**OPEB Plan Fiduciary Net Position.** Detail information about the 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 <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

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

\* or surviving spouse

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

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

	Contribution Rates	
	2020	2021
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 372,058
Current fiscal year member contributions		283,823
2020 measurement year NECE on-behalf contributions		475,662

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

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.

**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 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 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 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 established public 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.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 9.00%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

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

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Proportionate share of net OPEB liability	\$ 21,245,100	\$ 17,704,283	\$ 14,907,547

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 14,462,131	\$ 17,704,283	\$ 22,022,372

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2021, the District reported a liability of \$17,704,283 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	\$	17,704,283
State's proportionate share that is associated with the District		<u>23,790,313</u>
Total	\$	<u><u>41,494,596</u></u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.0465724289%, which was an increase of 0.0011557081% from its proportion measured as of August 31, 2019.

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

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$(270,245) and revenue of \$(165,191) for support provided by the State.

At June 30, 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 actuarial experiences	\$ 926,989	\$ 8,102,385
Changes in actuarial assumptions	1,091,986	4,861,688
Differences between projected and actual investment earnings	5,753	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,479,296	-
Contributions paid to OPEB subsequent to the measurement date	<u>303,739</u>	<u>-</u>
Total as of fiscal year-end	<u><u>\$ 3,807,763</u></u>	<u><u>\$ 12,964,073</u></u>

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

For the Year Ended June 30,	OPEB Expense
2022	\$( 1,611,033)
2023	( 1,611,803)
2024	( 1,612,242)
2025	( 1,612,122)
2026	( 1,139,237)
Thereafter	( 1,873,612)

#### **J. Negative Operating Grants and Contributions – Statement of Activities**

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in actuarial assumptions within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in a decrease to revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11-Instruction	\$ 5,934,226	\$( 110,401)	\$ 5,823,825
12-Instructional resources and media services	17,167	( 796)	17,963
13-Curriculum and staff development	600,609	( 1,359)	601,968
21-Instructional leadership	108,554	( 3,726)	112,280
23-School leadership	303,617	( 13,975)	317,592
31-Guidance, counseling, and evaluation services	874,623	( 6,032)	880,655
32-Social work services	5,362	( 248)	5,610
33-Health services	40,238	( 1,865)	42,103
34-Student transportation	155,614	-	155,614
35-Food service	2,906,474	( 2,512)	2,908,986
36-Extracurricular activities	96,147	( 4,457)	100,604
41-General administration	124,563	( 4,825)	129,388
51-Facilities maintenance and operations	3,144,442	( 6,158)	3,150,600
52-Security and monitoring services	141,454	( 1,245)	142,699
53-Data processing services	241,318	( 5,440)	246,758
61-Community services	72,541	( 2,152)	74,693
72-Interest on long-term debt	346,700	-	346,700
93-Payments for shared services arrangements	62,596	-	62,596
	<u>\$ 15,176,245</u>	<u>\$( 165,191)</u>	<u>\$ 15,120,634</u>

#### **K. Medicare Part D – On-behalf Payments**

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 those provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$211,655, \$179,797 and \$145,065 were recognized for the years ended June 30, 2021 and 2020, and August 31, 2019, respectively, as equal revenues and expenditures.

#### **L. Active Employee Health Care Coverage**

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$330 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS Active Care. That report may be obtained by visiting the TRS Website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

#### **M. Self-insured Workers' Compensation**

The District has a self-funded workers' compensation program with the Texas Educational Insurance Association with claims being administered by Claims Administrative Services, Inc. The District does not purchase aggregate excess insurance. The worker's compensation internal service fund is funded by charges to the District's other funds and is based primarily upon the contributing funds' claims experience. Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

Changes in the workers' compensation claims liability amounts are represented below:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2019	\$ 355,421	\$ 199,438	\$ 194,137	\$ 360,722
2020	360,722	48,809	53,081	356,450
2021	356,450	183,592	262,463	277,579

#### **N. Commitments and Contingencies**

##### **State and Federal Grants**

Minimum foundation funding received from TEA is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for the child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported TEA. Federal and state funding received under various grant programs are based upon reimbursable expenditures made under program guidelines.

These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

**O. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, 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.

**P. Prior Period Adjustment**

During fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities. The beginning net position of the custodial fund was determined to be \$39,435, which is presented as an adjustment to beginning net position in Exhibit E-2.

**Q. New Accounting Standards**

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

Statement No. 87, Leases – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classifies as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the District in fiscal year 2022.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-1**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
  
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget
		Original	Final		Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 23,289,574	\$ 23,856,374	\$ 24,651,742	\$ 795,368
5800	State program	36,204,953	36,756,053	34,059,309	( 2,696,744)
5900	Federal program	<u>498,781</u>	<u>716,500</u>	<u>787,002</u>	<u>70,502</u>
5020	Total revenues	<u>59,993,308</u>	<u>61,328,927</u>	<u>59,498,053</u>	<u>( 1,830,874)</u>
EXPENDITURES					
	Current:				
0011	Instruction	35,524,378	36,895,750	35,159,809	1,735,941
0012	Instructional resources and media services	298,894	291,029	267,414	23,615
0013	Curriculum and instructional staff development	589,577	545,636	477,077	68,559
0021	Instructional leadership	1,417,942	1,455,457	1,410,433	45,024
0023	School leadership	4,305,813	4,293,393	4,183,587	109,806
0031	Guidance, counseling and evaluation services	1,662,149	1,736,061	1,711,392	24,669
0032	Social work services	81,783	99,103	81,361	17,742
0033	Health services	665,965	701,065	664,657	36,408
0034	Student (pupil) transportation	1,601,740	1,944,312	1,727,397	216,915
0036	Extracurricular activities	2,269,324	2,345,885	2,196,822	149,063
0041	General administration	2,217,253	2,210,755	2,080,082	130,673
0051	Facilities maintenance and operations	6,038,313	6,467,813	3,682,120	2,785,693
0052	Security and monitoring services	438,095	505,595	454,026	51,569
0053	Data processing services	1,964,983	2,550,453	2,336,697	213,756
0061	Community services	541,638	547,338	526,926	20,412
	Debt Service:				
0071	Principal on long term debt	610,000	625,783	625,783	-
0072	Interest on long term debt	130,000	114,217	114,134	83
	Capital Outlay:				
0081	Facilities acquisition and construction	-	151,000	151,000	-
	Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	50,000	-	-	-
0099	Other intergovernmental charges	<u>170,000</u>	<u>160,000</u>	<u>158,534</u>	<u>1,466</u>
6030	Total expenditures	<u>60,577,847</u>	<u>63,640,645</u>	<u>58,009,251</u>	<u>5,631,394</u>
1200	Net change in fund balances	( 584,539)	( 2,311,718)	<u>1,488,802</u>	<u>3,800,520</u>
0100	Fund balance - July 1 (beginning)	<u>19,875,406</u>	<u>19,875,406</u>	<u>19,875,406</u>	-
3000	Fund balance - June 30 (ending)	\$ <u>19,290,867</u>	\$ <u>17,563,688</u>	\$ <u>21,364,208</u>	\$ <u>3,800,520</u>

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## **WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

### **NOTES TO REQUIRED BUDGETARY SCHEDULE**

JUNE 30, 2021

#### **Budgetary Information**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. A legally appropriated budget is not adopted for any other special revenue or capital projects funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget schedule appears in Exhibit G-1 "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund" and the other two schedules are at Exhibit J-4 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National Breakfast and Lunch Program Fund" and J-5 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Debt Service Fund".

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing these items.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustment of operating costs; and year-end adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

Major amendments to the General Fund expenditures included a \$1,371,372 increase in Function 11 – Instruction for student technology and added personnel, a \$429,000 increase in Function 51 – Facilities Maintenance & Operations for improvement to facilities, an increase of \$342,572 in Function 34 – Transportation Services for added bus routes and white fleet buses purchased, and a \$585,470 increase in Function 53 – Data Processing Services for investments in new technology and related services. The amended budget increased state revenue by \$551,000 for foundation school revenue for the 2020-2021 school year, increased local revenue by \$566,800 for additional tax collections and interest earned on investments, and increased federal revenue by \$217,000 for the General Fund portion of the coronavirus relief fund grant.

#### **Excess of Expenditures over Appropriations**

During Fiscal Year 2021, expenditures exceeded appropriations in the bond issuance costs and fees category in the Debt Service Fund by \$1,354,301. This was the result of the noncash bond refunding transactions not being reflected in the appropriated budget. The overage was funded with the issuance of the refunding bonds.

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Measurement Year Ended August 31,</u>	
	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.0341819%	0.0339323%
District's proportionate share of net pension liability (asset)	\$ 18,307,147	\$ 17,639,050
States proportionate share of the net pension liability (asset) associated with the District	<u>29,233,114</u>	<u>27,523,076</u>
Total	\$ <u>47,540,261</u>	\$ <u>45,162,126</u>
District's covered payroll	\$ 42,227,604	\$ 38,487,929
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.35%	45.83%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2014 is not available.

Measurement Year Ended August 31,				
2018	2017	2016	2015	2014
0.0328636%	0.0326942%	0.0310672%	0.0314931%	0.0213237%
\$ 18,088,914	\$ 10,453,833	\$ 11,739,850	\$ 11,132,392	\$ 5,695,856
<u>30,529,514</u>	<u>17,646,524</u>	<u>20,957,985</u>	<u>20,172,521</u>	<u>18,279,451</u>
<u>\$ 48,618,428</u>	<u>\$ 28,100,357</u>	<u>\$ 32,697,835</u>	<u>\$ 31,304,913</u>	<u>\$ 23,975,307</u>
\$ 37,504,122	\$ 35,862,709	\$ 33,877,660	\$ 32,515,707	\$ 32,967,207
48.23%	29.15%	34.65%	34.24%	17.28%
73.74%	82.17%	78.00%	78.43%	83.25%

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED JUNE 30, 2021

	Fiscal Year Ended June 30,	
	2021	2020
Contractually required contribution	\$ 1,468,918	\$ 1,390,616
Contribution in relation to the contractually required contribution	( 1,468,918)	( 1,390,616)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 43,651,590	\$ 41,855,215
Contributions as a percentage of covered payroll	3.37%	3.32%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2015 is not available.

Note: For 2020, the District changed its fiscal year-end from August 31 to June 30. Therefore, all years preceding 2020 are presented for the fiscal year ended August 31.

Fiscal Year Ended August 31,				
2019	2018	2017	2016	2015
\$ 1,180,867	\$ 1,107,915	\$ 1,069,196	\$ 987,085	\$ 963,149
( 1,180,867)	( 1,107,915)	( 1,069,196)	( 987,085)	( 963,149)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 38,487,929	\$ 37,504,122	\$ 35,862,709	\$ 33,877,660	\$ 32,515,707
3.07%	2.95%	2.98%	2.91%	2.96%

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED JUNE 30, 2021

	Measurement Year Ended August 31,	
	2020	2019
District's proportion of the net OPEB liability (asset)	0.0465724%	0.0454167%
District's proportionate share of net OPEB liability (asset)	\$ 17,704,283	\$ 21,478,123
States proportionate share of the net OPEB liability (asset) associated with the District	<u>23,790,313</u>	<u>28,539,622</u>
Total	\$ <u>41,494,596</u>	\$ <u>50,017,745</u>
District's covered employee payroll	\$ 42,227,604	\$ 38,487,929
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	41.93%	55.80%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2017 is not available.



Measurement Year Ended August 31,	
<u>2018</u>	<u>2017</u>
0.0449190%	0.0434796%
\$ 22,428,475	\$ 18,907,653
<u>31,916,485</u>	<u>27,969,102</u>
\$ <u>54,344,960</u>	\$ <u>46,876,755</u>
\$ 37,504,122	\$ 35,862,709
59.80%	52.72%
1.57%	0.91%

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED JUNE 30, 2021

	Fiscal Year Ended June 30,	
	2021	2020
Contractually required contribution	\$ 372,058	\$ 340,226
Contribution in relation to the contractually required contribution	( 372,058)	( 340,226)
Contribution deficiency (excess)	\$ -	\$ -
District's covered employee payroll	\$ 43,651,590	\$ 41,855,215
Contributions as a percentage of covered employee payroll	0.85%	0.81%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2018 is not available.

Note: For 2020, the District changed its fiscal year-end from August 31 to June 30. Therefore, all years preceding 2020 are presented for the fiscal year ended August 31.

Fiscal Year Ended August 31,	
2019	2018
\$ 321,439	\$ 318,742
( 321,439)	( 318,742)
\$ -	\$ -
\$ 38,487,929	\$ 37,504,122
0.84%	0.85%

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## **COMBINING STATEMENTS**

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## NONMAJOR GOVERNMENTAL FUNDS

**ESEA, Title I, Part A – Improving Basic Programs** – Provide opportunities for children served to acquire the knowledge and skills to meet the challenging State performance standards developed for all children.

**IDEA – Part B, Formula** – Operate educational programs for children with disabilities.

**IDEA – Part B, Preschool** – Support programs for preschool children with disabilities.

**National School Breakfast and Lunch Program** – Support programs using federal reimbursement revenues from the United States Department of Agriculture (USDA).

**Career and Technical – Basic Grant** – Provide career and technology education to develop new and/or improved marketable skills for paid and unpaid employment.

**ESEA II, A, Training and Recruiting** – Provide programs for improvement for school principals and recruiting teachers.

**Title III, Part A – English Language Acquisition** – Improve the education of children with limited English proficiency, by assisting the children to learn English.

**ESSER I Grant** - Funds granted to LEAs through the CARES Act to support LEAs' ability to operate and instruct their students during the COVID-19 pandemic.

**Title I School Improvement Program** - Funds authorized under the No Child Left Behind Act to improve campuses and promote student achievement.

**Coronavirus Relief Fund** – Federal stimulus funds granted to LEAs through the CARES Act for necessary expenditures incurred as a result of the COVID-19 pandemic.

**Other Federal Special Revenue** - This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above. Any locally defined codes are to be converted to Fund 289 for PEIMS reporting.

**Advanced Placement Incentives** – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

**State Textbook Fund** – This fund accounts for the purchase of instructional materials, technological equipment, and technology-related services through the TEA requisition system.

**Public School Child Care Services** – This fund is used to account for local revenues related to school child care services.

**Other State Special Revenue Funds** – This fund classification is used to account for various state special revenue funds. Included are funds awarded to recognize those students, teachers and schools that demonstrate success in achieving the state's advanced academic standards.

**Campus Activity Funds** - This fund classification is to be used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

**Liberty After School Program** – This fund is used to account for local revenues related to the Liberty After School Program.

**Foundation GAP Awards** – This fund is used to account for local revenues related to various foundation grants awarded by the District.

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
	<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-
1240	Receivables from other governments	112,164	149,979	6,786
1300	Inventories	-	-	-
1000	Total assets	<u>112,164</u>	<u>149,979</u>	<u>6,786</u>
	<b>LIABILITIES</b>			
2110	Accounts payable	-	-	-
2160	Accrued wages payable	105,601	141,573	6,473
2170	Due to other funds	6,563	8,406	313
2300	Unearned revenues	-	-	-
2000	Total liabilities	<u>112,164</u>	<u>149,979</u>	<u>6,786</u>
	<b>FUND BALANCES</b>			
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	GAP awards	-	-	-
	Committed:			
3545	Campus activity	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 112,164</u>	<u>\$ 149,979</u>	<u>\$ 6,786</u>



**EXHIBIT H-1**

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I Grant, CARES Act	276 Title I School Improvement Program	277 Coronavirus Relief Fund, CARES Act
\$ 443,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
547,531	-	-	-	-	-	-
198,346	205	19,861	9,488	-	-	-
<u>4,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,193,596</u>	<u>205</u>	<u>19,861</u>	<u>9,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
14,990	-	-	-	-	-	-
188,986	-	6,069	9,091	-	-	-
-	205	13,792	397	-	-	-
<u>4,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>208,529</u>	<u>205</u>	<u>19,861</u>	<u>9,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
985,067	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>985,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,193,596</u>	\$ <u>205</u>	\$ <u>19,861</u>	\$ <u>9,488</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
	<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ -	\$ -	\$ 5,943
1120	Investments - current	-	-	-
1240	Receivables from other governments	516	-	-
1300	Inventories	-	-	-
1000	Total assets	<u>516</u>	<u>-</u>	<u>5,943</u>
	<b>LIABILITIES</b>			
2110	Accounts payable	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	516	-	-
2300	Unearned revenues	-	-	5,943
2000	Total liabilities	<u>516</u>	<u>-</u>	<u>5,943</u>
	<b>FUND BALANCES</b>			
	Restricted:			
3450	Federal or state grant restriction	-	-	-
3490	GAP awards	-	-	-
	Committed:			
3545	Campus activity	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	\$ <u>516</u>	\$ <u>-</u>	\$ <u>5,943</u>

**EXHIBIT H-1**

412 Public School Child Care Services	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 Liberty After School Program	486 Foundation GAP Awards	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 44,345	\$ 6,293	\$ 14,246	\$ 513,993
-	-	698,009	-	-	1,245,540
-	-	-	-	-	497,345
-	-	-	-	-	4,553
-	-	742,354	6,293	14,246	2,261,431
-	-	-	-	-	14,990
-	-	-	-	-	457,793
-	-	-	-	-	30,192
-	-	-	6,293	-	16,789
-	-	-	6,293	-	519,764
-	-	-	-	-	985,067
-	-	-	-	14,246	14,246
-	-	742,354	-	-	742,354
-	-	742,354	-	14,246	1,741,667
\$ -	\$ -	\$ 742,354	\$ 6,293	\$ 14,246	\$ 2,261,431

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
	<b>REVENUES</b>			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	-	-
5900	Federal program	<u>1,082,569</u>	<u>1,250,658</u>	<u>42,391</u>
5020	Total revenues	<u>1,082,569</u>	<u>1,250,658</u>	<u>42,391</u>
	<b>EXPENDITURES</b>			
	Current:			
0011	Instruction	649,611	606,274	42,391
0013	Curriculum and instructional staff development	432,958	-	-
0021	Instructional leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	585,884	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data processing	-	-	-
0061	Community services	-	-	-
	Intergovernmental:			
0093	Payments for SSA	<u>-</u>	<u>58,500</u>	<u>-</u>
6030	Total expenditures	<u>1,082,569</u>	<u>1,250,658</u>	<u>42,391</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I Grant, CARES Act	276 Title I School Improvement Program	277 Coronavirus Relief Fund, CARES Act
\$ 282,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66,783	-	-	-	-	-	-
<u>2,832,616</u>	<u>62,632</u>	<u>177,820</u>	<u>89,773</u>	<u>580,714</u>	<u>34,976</u>	<u>437,360</u>
<u>3,181,738</u>	<u>62,632</u>	<u>177,820</u>	<u>89,773</u>	<u>580,714</u>	<u>34,976</u>	<u>437,360</u>
-	62,632	40,311	89,773	3,744	34,976	437,360
-	-	137,509	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,177,582	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,570	-	-
-	-	-	-	511,618	-	-
-	-	-	-	761	-	-
-	-	-	-	60,021	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,177,582</u>	<u>62,632</u>	<u>177,820</u>	<u>89,773</u>	<u>580,714</u>	<u>34,976</u>	<u>437,360</u>
<u>4,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>980,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>985,067</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Data Control Codes</u>		<u>289 Other Federal Special Revenue Funds</u>	<u>397 Advanced Placement Incentives</u>	<u>410 State Textbook Fund</u>
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program	-	193	170,709
5900	Federal program	<u>77,919</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>77,919</u>	<u>193</u>	<u>170,709</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	-	193	170,414
0013	Curriculum and instructional staff development	-	-	-
0021	Instructional leadership	-	-	295
0031	Guidance, counseling and evaluation services	74,570	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and Monitoring Services	3,349	-	-
0053	Data processing	-	-	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments for SSA	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>77,919</u>	<u>193</u>	<u>170,709</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

412 Public School Child Care Services	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 Liberty After School Program	486 Foundation GAP Awards	Total Nonmajor Governmental Funds
\$ 26,115	\$ -	\$ 686,357	\$ -	\$ 47,232	\$ 1,042,043
-	110,489	-	-	-	348,174
-	-	-	-	-	6,669,428
<u>26,115</u>	<u>110,489</u>	<u>686,357</u>	<u>-</u>	<u>47,232</u>	<u>8,059,645</u>
-	-	-	-	65,861	2,203,540
-	-	-	-	-	570,467
-	-	-	-	-	295
-	-	-	-	-	660,454
-	-	-	-	-	3,177,582
-	-	681,537	-	-	681,537
-	-	-	-	-	4,570
-	-	-	-	-	511,618
-	110,489	-	-	-	114,599
-	-	-	-	-	60,021
26,115	-	-	-	-	26,115
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,500</u>
<u>26,115</u>	<u>110,489</u>	<u>681,537</u>	<u>-</u>	<u>65,861</u>	<u>8,069,298</u>
<u>-</u>	<u>-</u>	<u>4,820</u>	<u>-</u>	<u>( 18,629)</u>	<u>( 9,653)</u>
<u>-</u>	<u>-</u>	<u>737,534</u>	<u>-</u>	<u>32,875</u>	<u>1,751,320</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>742,354</u>	\$ <u>-</u>	\$ <u>14,246</u>	\$ <u>1,741,667</u>

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## **INTERNAL SERVICE FUNDS**

***Workers' Compensation*** – Account for the receipts and payments related to the District's self-insurance workers' compensation plan.

***Bear Prints*** – Account for the provision of copy and fax services to the District's departments.

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT H-3**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

JUNE 30, 2021

	<u>711 Workers' Compensation</u>	<u>752 Bear Prints</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 17,315	\$ 644	\$ 17,959
Due from other funds	<u>260,264</u>	<u>-</u>	<u>260,264</u>
Total current assets	<u>277,579</u>	<u>644</u>	<u>278,223</u>
 Total assets	 <u>277,579</u>	 <u>644</u>	 <u>278,223</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>277,579</u>	<u>-</u>	<u>277,579</u>
Total current liabilities	<u>277,579</u>	<u>-</u>	<u>277,579</u>
 Total liabilities	 <u>277,579</u>	 <u>-</u>	 <u>277,579</u>
<b>NET POSITION - UNRESTRICTED</b>	 <u>\$ -</u>	 <u>\$ 644</u>	 <u>\$ 644</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT H-4****COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2021

	<u>711 Workers' Compensation</u>	<u>752 Bear Prints</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>			
Local and intermediate sources	\$ <u>263,707</u>	\$ <u>843</u>	\$ <u>264,550</u>
Total operating revenues	<u>263,707</u>	<u>843</u>	<u>264,550</u>
<b>OPERATING EXPENSES</b>			
Professional and contracted services	<u>263,707</u>	<u>199</u>	<u>263,906</u>
Total operating expenses	<u>263,707</u>	<u>199</u>	<u>263,906</u>
<b>OPERATING INCOME</b>	-	644	644
<b>NET POSITION, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION, ENDING</b>	\$ <u>-</u>	\$ <u>644</u>	\$ <u>644</u>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	711 Workers' Compensation	752 Bear Prints	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from user charges	\$ 346,974	\$ 843	\$ 347,817
Payments for insurance claims	( 342,578)	-	( 342,578)
Payments for supplies	<u>-</u>	<u>( 199)</u>	<u>( 199)</u>
Net cash provided by operating activities	<u>4,396</u>	<u>644</u>	<u>5,040</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,396	644	5,040
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>12,919</u>	<u>-</u>	<u>12,919</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>17,315</u>	<u>644</u>	<u>17,959</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	-	644	644
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease in due from other funds	83,267	-	83,267
(Decrease) in accounts payable	<u>( 78,871)</u>	<u>-</u>	<u>( 78,871)</u>
Net cash provided by operating activities	<u>\$ 4,396</u>	<u>\$ 644</u>	<u>\$ 5,040</u>

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## **REQUIRED TEA SCHEDULES**

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

FOR THE YEAR ENDED JUNE 30, 2021

For The Year Ended June 30, 2021	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 7/1/2020
	Maintenance	Debt Service		
2012 and prior years	1.040000	0.500000	\$ 3,030,278,251	\$ 396,935
2013	1.040000	0.500000	1,518,036,104	41,334
2014	1.040000	0.500000	1,654,544,805	50,446
2015	1.040000	0.500000	1,475,635,974	20,881
2016	1.040000	0.500000	1,581,388,247	67,665
2017	1.040000	0.500000	1,465,946,753	40,287
2018	1.040000	0.500000	1,598,911,104	67,088
2019	1.040000	0.500000	1,946,152,961	121,695
2020	0.970000	0.480000	2,278,262,138	783,292
2021	0.961600	0.454300	2,471,212,233	-
1000 Totals				\$ <u>1,589,623</u>



**EXHIBIT J-1**

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2021
\$ -	\$ 59	\$ 29	\$ 20,586	\$ 417,433
-	( 202)	( 97)	( 19,056)	22,577
-	1,060	509	( 5,042)	43,835
-	55	26	5,002	25,802
-	1,605	772	( 20,012)	45,276
-	12,490	6,005	14,255	36,047
-	25,579	12,298	3,009	32,220
-	36,223	17,415	( 5,646)	62,411
-	186,280	97,507	( 372,923)	126,582
<u>34,989,894</u>	<u>23,198,917</u>	<u>11,223,038</u>	<u>25,533</u>	<u>593,472</u>
\$ <u>34,989,894</u>	\$ <u>23,462,066</u>	\$ <u>11,357,502</u>	\$ <u>( 354,294)</u>	\$ <u>1,405,655</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****EXHIBIT J-4**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
NATIONAL BREAKFAST AND LUNCH PROGRAM FUND

FOR THE YEAR ENDED JUNE 30, 2021

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 1,111,400	\$ 270,600	\$ 282,339	\$ 11,739
5800	State program	54,000	70,500	66,783	( 3,717)
5900	Federal program	<u>2,654,958</u>	<u>2,562,500</u>	<u>2,832,616</u>	<u>270,116</u>
5020	Total revenues	<u>3,820,358</u>	<u>2,903,600</u>	<u>3,181,738</u>	<u>278,138</u>
<b>EXPENDITURES</b>					
Current:					
0035	Food service	<u>3,820,358</u>	<u>3,214,157</u>	<u>3,177,582</u>	<u>36,575</u>
6030	Total expenditures	<u>3,820,358</u>	<u>3,214,157</u>	<u>3,177,582</u>	<u>36,575</u>
1200	Net change in fund balances	<u>-</u>	<u>( 310,557)</u>	<u>4,156</u>	<u>314,713</u>
0100	Fund balance - July 1 (beginning)	<u>980,911</u>	<u>980,911</u>	<u>980,911</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 980,911</u>	<u>\$ 670,354</u>	<u>\$ 985,067</u>	<u>\$ 314,713</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND**

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget
		Original	Final		Positive
					(Negative)
REVENUES					
5700	Local and intermediate sources	\$ 11,070,000	\$ 11,015,000	\$ 11,480,518	\$ 465,518
5800	State program	325,054	-	346,700	346,700
5020	Total revenues	11,395,054	11,015,000	11,827,218	812,218
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	1,978,718	4,640,000	4,640,000	-
0072	Interest on long-term debt	8,779,830	3,665,606	3,665,606	-
0073	Bond issuance costs and fees	10,000	30,000	1,384,301	( 1,354,301)
6030	Total expenditures	10,768,548	8,335,606	9,689,907	( 1,354,301)
1100	Excess (deficiency) of revenues over (under) expenditures	626,506	2,679,394	2,137,311	( 542,083)
OTHER FINANCING SOURCES (USES)					
7911	Proceeds from issuance of bonds	-	-	120,310,931	120,310,931
7916	Premium on issuance of bonds	-	-	49,504,076	49,504,076
8940	Payment to bond escrow agent	-	-	( 168,434,011)	( 168,434,011)
7080	Total other financing sources (uses)	-	-	1,380,996	1,380,996
1200	Net change in fund balances	626,506	2,679,394	3,518,307	838,913
0100	Fund balance - July 1 (beginning)	14,846,976	14,846,976	14,846,976	-
3000	Fund balance - June 30 (ending)	\$ 15,473,482	\$ 17,526,370	\$ 18,365,283	\$ 838,913

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## **STATISTICAL SECTION**

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

## NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$( 30,784,493)	\$( 21,040,752)	\$( 28,820,934)	\$( 31,374,479)
Restricted	8,438,156	6,459,416	7,368,973	6,726,533
Unrestricted	<u>( 7,885,810)</u>	<u>( 28,540,302)</u>	<u>( 30,311,386)</u>	<u>( 34,884,708)</u>
Total primary government net position	<u>\$( 30,232,147)</u>	<u>\$( 43,121,638)</u>	<u>\$( 51,763,347)</u>	<u>\$( 59,532,654)</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

(2) In 2018, the District implemented Governmental Accounting Standards Board Statement 75, causing unrestricted net position to decrease substantially.

Source of Information: White Settlement Independent School District Financial Statements

**TABLE 1**

Fiscal Year					
2016	2017	2018 (2)	2019	2020 (1)	2021
\$( 32,915,116)	\$( 69,016,747)	\$( 70,737,319)	\$( 72,589,440)	\$( 76,463,248)	\$( 81,020,497)
5,252,812	5,654,395	6,549,146	8,347,025	13,850,799	17,574,558
( 35,703,820)	( 1,448,023)	( 28,210,045)	( 30,107,064)	( 34,069,785)	( 33,499,692)
<u>\$( 63,366,124)</u>	<u>\$( 64,810,375)</u>	<u>\$( 92,398,218)</u>	<u>\$( 94,349,479)</u>	<u>\$( 96,682,234)</u>	<u>\$( 96,945,631)</u>

# WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

## CHANGE IN NET POSITION

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 29,399,507	\$ 31,109,527	\$ 32,791,312	\$ 33,385,844
Instruction resources and media services	466,726	452,212	413,959	415,540
Curriculum and staff development	158,123	590,002	840,234	964,060
Instructional leadership	799,222	636,468	616,297	603,509
School leadership	3,230,189	3,329,506	3,591,504	3,751,520
Guidance, counseling and evaluation services	1,452,180	1,470,954	1,567,655	1,556,950
Social work services	85,385	95,427	123,717	127,897
Health services	548,894	553,775	602,555	643,589
Student transportation	1,556,330	1,243,228	1,195,909	1,216,737
Food service	3,401,976	3,607,666	3,614,021	3,699,429
Extracurricular activities	1,980,907	2,095,015	2,313,685	2,229,485
General administration	1,846,861	2,702,338	2,641,894	2,327,820
Plant maintenance and operations	5,480,034	5,672,010	5,831,251	6,029,101
Security and monitoring services	304,740	348,180	340,769	374,356
Data processing services	716,573	4,729,765	2,438,889	1,395,154
Community services	531,525	544,097	554,367	560,264
Debt Service - Interest on long-term debt	10,391,681	13,503,478	8,276,252	7,756,231
Facilities acquisition and construction	4,187,935	3,683,870	1,994,373	-
Payments related to shared services arrangements	96,024	83,246	94,820	117,336
Payments to Juvenile Justice Alternative Ed. Program	-	-	-	-
Other intergovernmental charges	142,994	153,723	145,623	147,071
<b>Total primary government expenses</b>	<u>66,777,806</u>	<u>76,604,487</u>	<u>69,989,086</u>	<u>67,301,893</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services				
Instruction	506,577	482,967	497,131	545,914
Transportation	-	-	1,123	-
Food services	1,229,294	1,167,980	1,142,365	1,141,371
Cocurricular/extracurricular activities	1,036,864	905,919	317,048	201,178
Plant maintenance and operations	71,443	85,932	64,435	87,757
Community services	56,079	-	-	-
Operating grants and contributions	7,857,840	6,998,488	8,003,986	7,610,559
<b>Total primary government program revenues</b>	<u>10,758,097</u>	<u>9,641,286</u>	<u>10,026,088</u>	<u>9,586,779</u>
<b>Net (Expense)/Revenue</b>	<u>( 56,019,709)</u>	<u>( 66,963,201)</u>	<u>( 59,962,998)</u>	<u>( 57,715,114)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	\$ 15,630,810	\$ 17,570,012	\$ 15,528,433	\$ 16,387,518
Property taxes, levied for debt service	7,514,813	8,449,183	7,465,592	7,878,614
Grants and contributions not restricted	24,853,417	26,009,873	26,540,466	30,547,575
Investment earnings	33,642	35,868	23,595	23,136
Gas lease/mineral rights	261,692	264,686	439,747	186,490
Miscellaneous	2,498,031	3,187,007	1,171,083	1,052,896
Special/Extraordinary Items	-	( 23,608)	152,373	23,005
<b>Total government activities</b>	<u>50,792,405</u>	<u>55,493,021</u>	<u>51,321,289</u>	<u>56,099,234</u>
<b>Change in Net Position</b>	<u>\$( 5,227,304)</u>	<u>\$( 11,470,180)</u>	<u>\$( 8,641,709)</u>	<u>\$( 1,615,880)</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

(2) During 2018, the District's non-employer contributing entity expense was neagtive due to changes in benefits within the TRS-care plan. This created a negative operating grants and contributions revenue and reduced functional expenses for the year.



TABLE 2

Fiscal Year					
2016	2017	2018 (2)	2019	2020 (1)	2021
\$ 35,689,134	\$ 37,444,689	\$ 24,957,793	\$ 40,313,147	\$ 43,093,333	\$ 43,122,732
439,109	455,643	312,385	363,619	380,693	395,083
1,143,571	1,153,908	828,053	1,337,518	1,146,010	1,130,864
777,660	869,753	707,740	1,319,944	1,421,072	1,557,034
4,146,928	4,230,007	2,802,884	4,614,328	4,435,519	4,725,377
1,691,124	1,685,480	1,254,578	2,334,050	2,556,297	2,658,329
140,351	165,107	111,771	175,227	100,023	104,639
602,841	627,609	403,201	713,321	747,656	766,314
1,209,605	1,279,729	1,277,002	1,616,818	1,649,302	1,850,445
3,889,507	3,664,080	3,278,888	4,267,345	4,130,023	3,597,537
2,384,228	2,544,694	2,223,112	3,179,266	3,148,021	3,095,258
2,298,106	2,184,060	1,645,478	2,426,557	2,050,229	3,766,738
6,804,069	6,393,693	6,199,058	7,928,218	7,247,731	7,421,038
383,939	363,021	243,439	400,459	427,636	546,143
1,485,885	1,722,806	1,273,751	1,777,604	1,878,927	2,261,751
617,985	597,010	440,707	633,626	679,265	690,350
8,476,004	7,652,755	8,432,716	8,345,544	7,545,093	5,466,247
-	-	-	-	-	-
129,004	104,265	102,758	122,977	22,620	58,500
-	-	10,578	7,095	-	-
131,968	138,615	146,472	155,949	165,548	158,534
72,441,018	73,276,924	56,652,364	82,032,612	82,824,998	83,372,913
529,813	468,423	438,676	468,986	438,226	467,938
-	-	-	-	-	-
1,224,412	1,183,943	1,153,925	1,145,903	838,796	281,617
1,001,227	1,228,111	1,221,073	1,579,654	1,015,531	885,248
151,756	-	-	-	-	-
-	-	-	-	-	-
8,532,853	11,716,361	( 136,716)	14,068,651	13,545,729	15,176,245
11,440,061	14,596,838	2,676,958	17,263,194	15,838,282	16,811,048
( 61,000,957)	( 58,680,086)	( 53,975,406)	( 64,769,418)	( 66,986,716)	( 66,561,865)
\$ 16,401,775	\$ 17,310,681	\$ 18,844,514	\$ 20,909,747	\$ 22,969,632	\$ 23,612,919
7,885,468	8,268,456	9,015,016	9,649,284	10,980,958	11,402,894
32,466,146	31,238,273	30,891,919	31,252,016	30,151,552	31,008,614
65,231	232,874	458,467	733,427	354,771	38,379
76,663	185,551	343,152	273,683	197,048	235,662
572,204	-	-	-	-	-
-	-	-	-	-	-
57,467,487	57,235,835	59,553,068	62,818,157	64,653,961	66,298,468
\$( 3,533,470)	\$( 1,444,251)	\$ 5,577,662	\$( 1,951,261)	\$( 2,332,755)	\$( 263,397)

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 156,893	\$ 108,464	\$ -	\$ -
Assigned	3,683,088	149,528	974,866	1,086,653
Unassigned	<u>9,404,823</u>	<u>15,068,905</u>	<u>10,997,270</u>	<u>12,912,102</u>
Total general fund	<u>13,244,804</u>	<u>15,326,897</u>	<u>11,972,136</u>	<u>13,998,755</u>
<b>All Other Governmental Funds</b>				
Committed (Campus Activity)	409,569	393,175	406,851	407,223
Restricted:				
Grant funds	997,159	863,976	972,979	908,065
Debt service funds	3,537,253	5,272,414	5,298,929	5,386,357
GAP Awards	-	-	-	-
Assigned:				
Construction	96	-	-	-
Other Assigned Fund Balance	<u>36,652</u>	<u>28,658</u>	<u>8,044</u>	<u>17,867</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>4,980,729</u>	<u>6,558,223</u>	<u>6,686,803</u>	<u>6,719,512</u>
<b>Total Governmental Funds</b>	<u>\$ 18,225,533</u>	<u>\$ 21,885,120</u>	<u>\$ 18,658,939</u>	<u>\$ 20,718,267</u>

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

Source of Information: White Settlement Independent School District Financial Statements.

TABLE 3

Fiscal Year					
2016	2017	2018	2019	2020 (1)	2021
\$ 1,729	\$ 1,257	\$ 190	\$ 1,465	\$ 2,907	\$ 252
1,061,546	-	1,250,733	1,344,082	1,971,268	3,049,565
<u>13,888,282</u>	<u>15,575,395</u>	<u>14,369,615</u>	<u>16,358,781</u>	<u>17,901,231</u>	<u>18,314,391</u>
<u>14,951,557</u>	<u>15,576,652</u>	<u>15,620,538</u>	<u>17,704,328</u>	<u>19,875,406</u>	<u>21,364,208</u>
404,237	418,234	548,716	589,703	737,534	742,354
803,665	991,802	1,265,879	1,297,670	980,911	985,067
4,338,267	4,512,797	5,026,032	6,669,148	14,846,976	18,365,283
-	8,353	21,526	15,026	32,875	14,246
-	-	-	-	-	-
<u>21,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>5,567,970</u>	<u>5,931,186</u>	<u>6,862,153</u>	<u>8,571,547</u>	<u>16,598,296</u>	<u>20,106,950</u>
\$ <u>20,519,527</u>	\$ <u>21,507,838</u>	\$ <u>22,482,691</u>	\$ <u>26,275,875</u>	\$ <u>36,473,702</u>	\$ <u>41,471,158</u>

# WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2012	2013	2014	2015
Local and intermediate sources	\$ 28,572,359	\$ 31,754,351	\$ 26,425,688	\$ 27,327,672
State programs revenues	27,219,611	28,290,511	29,736,056	33,263,638
Federal programs revenues	5,490,743	4,716,692	4,807,785	4,861,480
Total Revenues	<u>61,282,713</u>	<u>64,761,554</u>	<u>60,969,529</u>	<u>65,452,790</u>
Expenditures by Function				
Instruction	\$ 25,709,820	\$ 27,224,211	\$ 28,939,220	\$ 29,890,060
Instruction resources and media services	352,619	331,714	294,829	297,903
Curriculum and staff development	114,862	544,319	795,069	936,913
Instructional leadership	701,416	533,184	514,185	511,410
School leadership	2,836,455	2,913,720	3,180,440	3,380,449
Guidance, counseling and evaluation services	1,269,733	1,278,289	1,377,178	1,390,662
Social work services	65,949	74,903	103,426	107,860
Health services	475,539	476,312	525,971	572,316
Student transportation	750,926	1,201,360	1,004,901	1,194,915
Food service	3,055,265	3,466,082	3,302,129	3,410,278
Extracurricular activities	1,827,181	1,926,185	2,146,772	2,073,382
General administration	1,565,014	1,850,434	1,784,127	1,719,976
Facilities maintenance and operations	4,815,387	5,051,746	5,307,687	5,168,066
Security and monitoring services	274,646	374,864	347,845	343,316
Data processing services	694,629	4,706,592	2,448,564	1,372,532
Community services	414,910	420,950	432,619	444,393
Debt service - principal on long-term debt	4,630,000	4,066,617	3,285,155	3,099,097
Debt service - interest on long-term debt	4,769,058	4,943,558	6,394,418	7,362,819
Debt service - bond issuance cost and fees	478,753	623,487	633,496	397,920
Facilities acquisition and construction	4,187,935	4,357,092	2,359,393	88,078
Payments related to shared services arrangements	96,024	83,246	94,820	117,336
Payments related to Juvenile Justice Alternative Ed Program	-	-	-	-
Other intergovernmental charges	142,994	153,723	145,623	147,071
Total Expenditures by Function	<u>59,229,115</u>	<u>66,602,588</u>	<u>65,417,867</u>	<u>64,026,752</u>
Other Financing Sources (Uses)				
Refunding bonds issued	30,574,884	40,160,142	49,374,874	23,423,826
Capital leases	-	64,850	-	-
Sale of assets	23,885	-	-	40,000
Loan proceeds	-	4,610,000	-	-
Premium/discount on issuance of bond	11,336,585	12,262,647	16,143,544	3,633,492
Transfers in	20,354	96	-	-
Transfers out	-	( 96)	-	-
Payment to bond refunding escrow agent	( 41,435,269)	( 51,838,095)	( 64,888,380)	( 26,662,522)
Total Other Financing Sources (Uses)	<u>520,439</u>	<u>5,259,544</u>	<u>630,038</u>	<u>434,796</u>
Specia/Extraordinary Items				
Gas Lease/Mineral Interests	\$ 261,692	\$ 264,686	\$ 439,747	\$ 186,490
Sale of Metlife Stock	-	( 23,608)	-	-
Other	-	-	152,373	23,005
Total Special Items	<u>\$ 261,692</u>	<u>\$ 241,078</u>	<u>\$ 592,120</u>	<u>\$ 209,495</u>
Net change in fund balances	<u>\$ 2,835,729</u>	<u>\$ 3,659,588</u>	<u>\$ ( 3,226,180)</u>	<u>\$ 2,070,329</u>
Debt Service as a Percentage of Noncapital Expenditures	16.71%	14.75%	15.95%	17.00%

(1) The District changed the fiscal year end in 2020 from August 31st to June 30th. Fiscal year-end 2020 is for 10 months only.

(2) This table includes all governmental fund types of the White Settlement Independent School District.

(3) Revenue classifications are in accordance with those prescribed by the Texas Education Agency.

Source of Information: White Settlement Independent School District Financial Statements

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020 (1)	2021
\$ 27,745,613	\$ 28,837,357	\$ 31,618,786	\$ 34,681,145	\$ 36,512,489	\$ 37,174,303
34,864,997	36,167,442	35,565,006	37,042,105	34,744,795	34,754,183
<u>4,997,082</u>	<u>5,623,790</u>	<u>5,461,933</u>	<u>6,689,241</u>	<u>5,937,968</u>	<u>10,940,956</u>
<u>67,607,692</u>	<u>70,628,589</u>	<u>72,645,725</u>	<u>78,412,491</u>	<u>77,195,252</u>	<u>82,869,442</u>
\$ 30,807,817	\$ 32,941,435	\$ 32,533,479	\$ 34,343,672	\$ 35,288,286	\$ 38,143,261
308,418	330,661	270,283	239,274	242,028	267,414
1,048,559	1,073,252	1,193,931	1,100,374	955,765	1,048,370
644,703	746,637	911,974	1,115,657	1,194,789	1,413,113
3,568,019	3,722,673	3,819,571	3,968,888	3,763,256	4,183,587
1,426,127	1,446,556	1,685,315	1,882,721	2,037,814	2,371,846
116,298	140,708	144,996	143,628	69,901	81,361
503,350	537,786	502,891	580,967	591,038	664,657
1,126,218	2,351,992	1,140,338	1,548,036	1,494,930	1,849,460
3,734,871	3,466,541	3,429,058	3,832,517	3,571,799	3,177,582
2,179,984	2,357,553	2,743,823	3,124,088	2,853,106	2,878,359
1,860,282	1,896,577	1,971,228	2,070,101	1,688,266	2,100,542
5,665,910	5,651,481	7,343,395	7,220,290	6,855,346	6,693,239
363,874	324,697	363,493	365,658	416,891	568,625
1,459,445	1,686,449	1,839,775	1,818,254	1,819,809	2,460,667
476,794	465,983	485,162	498,553	525,736	553,041
2,886,292	2,470,102	3,201,232	2,555,697	305,000	5,265,783
7,759,205	8,400,855	7,916,608	8,610,230	3,130,380	3,779,740
127,165	21,997	6,807	6,807	5,117	1,384,301
2,173,123	218,041	10,350	65,908	-	151,000
129,004	104,265	102,758	122,977	22,620	58,500
-	-	10,578	7,095	-	-
<u>131,968</u>	<u>138,615</u>	<u>146,472</u>	<u>155,949</u>	<u>165,548</u>	<u>158,534</u>
<u>68,497,426</u>	<u>70,494,856</u>	<u>71,773,517</u>	<u>75,377,341</u>	<u>66,997,425</u>	<u>79,252,982</u>
2,115,000	-	-	-	-	120,310,931
-	-	-	-	-	-
-	29,578	102,645	-	-	-
1,400,000	825,000	-	758,034	-	-
149,723	-	-	-	-	49,504,076
99,460	-	-	-	-	-
-	-	-	-	-	-
( 3,160,852)	-	-	-	-	( 168,434,011)
<u>603,331</u>	<u>854,578</u>	<u>102,645</u>	<u>758,034</u>	<u>-</u>	<u>1,380,996</u>
\$ 76,663	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 76,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ ( 209,740)</u>	<u>\$ 988,311</u>	<u>\$ 974,853</u>	<u>\$ 3,793,184</u>	<u>\$ 10,197,827</u>	<u>\$ 4,997,456</u>
16.32%	15.80%	16.00%	15.05%	5.19%	13.19%

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TOTAL ASSESSED AND NET TAXABLE VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total Assessed Value</b>	<b>Total Exemptions and Freeze</b>	<b>Net Taxable Value</b>
2012	1,412,025,318	449,060,006	1,861,085,324	325,811,551	1,535,273,773
2013	1,411,722,849	600,464,664	2,012,187,513	328,719,734	1,683,467,779
2014	1,462,213,134	370,706,884	1,832,920,018	329,083,722	1,503,836,296
2015	1,563,536,036	311,257,948	1,874,793,984	324,766,103	1,550,027,881
2016	1,638,152,609	328,146,691	1,966,299,300	384,911,053	1,581,388,247
2017	1,947,420,821	236,123,756	2,183,544,577	717,597,824	1,465,946,753
2018	2,181,061,763	229,115,281	2,410,177,044	811,265,940	1,598,911,104
2019	2,397,426,050	258,078,667	2,655,504,717	709,351,756	1,946,152,961
2020	2,636,232,957	303,706,035	2,939,938,992	661,676,854	2,278,262,138
2021	2,967,183,300	299,654,780	3,266,838,080	795,625,847	2,471,212,233

(1) The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.

(2) Tax Rates are per \$100 of assessed value.

(3) The District's direct rates are limited by state statute to \$1.04 for maintenance and operations and \$.50 for debt service.

Source of Information: Tarrant Central Appraisal District

**TABLE 5**

Maintenance and Operations Rate	Interest and Sinking Rate	Total Direct Rate
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
1.0400	0.5000	1.5400
0.9700	0.4800	1.4500
0.9616	0.4543	1.4159

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****PROPERTY TAX RATES - DIRECT OVERLAPPING GOVERNMENTS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>White Settlement Independent School District M/O</u>	<u>White Settlement Independent School District I &amp; S</u>	<u>White Settlement Independent School District Total</u>	<u>City of Fort Worth</u>	<u>City of White Settlement</u>
2011	\$ 1.0400	\$ 0.5000	\$ 1.5400	\$ 0.8550	\$ 0.6860
2012	1.04000	0.50000	1.54000	0.85500	0.74200
2013	1.04000	0.50000	1.54000	0.85500	0.61470
2014	1.04000	0.50000	1.54000	0.85500	0.67000
2015	1.04000	0.50000	1.54000	0.85500	0.69000
2016	1.04000	0.50000	1.54000	0.85500	0.73300
2017	1.04000	0.50000	1.54000	0.83500	0.75500
2018	1.04000	0.50000	1.54000	0.80500	0.76200
2019	1.04000	0.50000	1.52000	0.75500	0.76200
2020	0.97000	0.48000	1.45000	0.74750	0.73225
2021	0.96160	0.45430	1.41590	0.74750	0.74620

(1) Tax Rates are per \$100 of assessed value.

(2) The District's direct rates are limited to \$1.04 for maintenance and operations and \$.50 for debt service.

Source of Information: Tarrant County Tax Office



**TABLE 6**

City of Westworth Village	Tarrant County	Town of Lakeside	Tarrant Co Hosp Dist (JPS Health Network)	Live Oak Creek MUD #1
\$ 0.5000	\$ 0.2640	\$ 0.3729	\$ 0.2279	0.99000
0.50000	0.26400	0.37925	0.22790	0.99000
0.49200	0.26400	0.37925	0.22790	0.35000
0.49200	0.26400	0.37926	0.22790	0.99000
0.49200	0.26400	0.37900	0.22790	0.99000
0.50000	0.26400	0.36000	0.22790	0.99000
0.50000	0.26400	0.36000	0.22790	0.99000
0.50000	0.25400	0.37500	0.22443	0.99000
0.48500	0.24400	0.37900	0.22443	1.00000
0.48500	0.23400	0.40630	0.22443	1.00000
0.47500	0.23400	0.40630	0.22443	1.00000

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT PERIOD AND NINE YEARS AGO

Principal Taxpayers	Type of Property	2021		Rank	Percentage of Total Taxable Assessed Valuation
		Taxable Assessed Valuation			
Oxford Villas No 2 LLC	Apartments	\$ 49,300,000		1	1.99%
SPM Flow Control Inc.	Oil Field Equip Manuf Plant	44,800,874		2	1.81%
Constellation/Upland LLC ETAL	Apartments	39,800,000		3	1.61%
SPI Westpoint 264 LLC	Commercial	34,700,000		4	1.40%
Oncor Electric Delivery CO LLC	Utility	33,457,731		5	1.35%
Oak View Apartments LLC	Investment	32,997,663		6	1.34%
DCP Gold Creek LLC	Real Estate	31,154,687		7	1.26%
AEP Charter High Point DT W LLC	Charter School	19,223,069		8	0.78%
Wal-Mart Stores Tex	Retail Store	16,465,195		9	0.67%
WG NLA LLC	Real Estate	16,291,378		10	0.66%
Chesapeake Operating	Land/ Improvements	-			-
Devon Energy Production	Utility	-			-
Fortress Properties, Ltd.	Contractor	-			-
Westpoint Dfw Apartments	Apartments	-			-
Lockheed Martin Aeronautics Co	Aeronautics	-			-
Total		<u>\$ 318,190,597</u>			<u>12.87%</u>
Total Net Taxable Value		<u>\$ 2,471,212,233</u>			<u>100.00%</u>

Source of Information: Tarrant County Appraisal District

**TABLE 7**

2012		
Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
\$ 12,560,000	9	0.76%
256,250,204	1	15.49%
24,600,000	4	1.49%
-		-
17,280,602	7	1.04%
-		-
-		-
23,104,032	5	1.40%
-		-
34,478,710	3	2.08%
60,183,150	2	3.64%
22,000,000	6	1.33%
21,425,000	7	1.29%
12,500,000	10	0.76%
<u>\$ 484,381,698</u>		<u>29.28%</u>
 \$ 1,654,544,805		 <u>100.00%</u>

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 8****PROPERTY TAX LEVIES AND COLLECTIONS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Levy Year Tax Collections</u>	<u>Percent of Levy Collected in Levy Year</u>	<u>Tax Collections in Subsequent Years</u>	<u>Total Tax Collections to Date 2021</u>	<u>Total Collections to Date as Percent of Levy</u>
2012	23,199,301	22,968,562	99.01%	208,161	23,176,723	99.90%
2013	25,779,475	25,561,290	99.15%	174,649	25,735,939	99.83%
2014 (1)	22,933,815	22,706,840	99.01%	177,934	22,884,774	99.79%
2015	24,374,231	24,069,790	98.75%	278,640	24,348,430	99.89%
2016	24,373,826	24,147,979	99.07%	180,571	24,328,550	99.81%
2017	25,394,615	25,110,848	98.88%	247,719	25,358,567	99.86%
2018	27,629,174	27,399,273	99.17%	197,681	27,596,954	99.88%
2019	30,711,935	30,313,610	98.70%	335,914	30,649,524	99.80%
2020	33,914,993	33,131,700	97.69%	656,710	33,788,410	99.63%
2021(2)	34,989,894	34,421,955	98.38%	-	34,421,955	98.38%

(1) The reduction in value In 2014 is due to a major taxpayer removing a significant amount of property from the District.

(2) No subsequent collections for FYE 2021 until following year.

(3) The District changed the fiscal year end in 2020 from September 30th to June 30th.

Source of Information: White Settlement Independent School District; Tarrant County Tax Office

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

## OUTSTANDING DEBT BY TYPE

## LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Loans Payable	Total Primary Government
	Bonds Payable	Maintenance Tax Notes	Capital Leases		
2013	232,589,684	4,610,000	43,233	-	237,242,917
2014	243,896,928	4,365,000	21,616	-	248,283,544
2015	243,336,529	4,095,000	-	-	247,431,529
2016	239,208,388	5,080,000	-	-	244,288,388
2017	198,445,579	5,495,000	-	-	203,940,579
2018	204,784,489	4,995,000	-	-	209,779,489
2019	202,267,844	4,485,000	-	758,034	207,510,878
2020	204,180,610	4,180,000	-	758,034	209,118,644
2021	213,142,990	3,655,000	-	657,251	217,455,241

(1) Bonds Payable includes Accreted Interest (from Capital Appreciation Bonds) and Premium (Discount) on Bonds.

(2) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(3) Population is from Municipal Advisory Council of Texas

(4) The percentage of Personal Income is the mean salary times the population divided by the Total Primary Government Debt.

Source of Information: White Settlement Independent School District and Municipal Advisory Council of Texas

**TABLE 9**

<u>Percentage of Personal Income</u>	<u>Estimated Population</u>	<u>Per Capita</u>
15.48%	32,127	7,385
15.64%	33,348	7,445
16.71%	33,555	7,374
15.63%	34,105	7,163
11.15%	34,474	5,916
10.89%	34,788	6,030
10.40%	34,861	5,953
9.81%	34,859	5,999
10.45%	33,169	6,556

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUATION  
AND NET BONDED DEBT PER CAPITA**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Taxable Assessed Value</u>	<u>Assessment Ratio</u>	<u>Gross Bonded Debt Outstanding at Year-end</u>	<u>Reserve for Retirement of Bonded Debt</u>
2012	1,535,273,773	100%	204,919,109	3,537,253
2013	1,683,467,779	100%	232,589,684	5,481,047
2014	1,503,836,296	100%	243,896,928	5,298,929
2015	1,550,027,881	100%	243,336,529	5,386,357
2016	1,651,789,520	100%	239,208,388	4,338,367
2017	1,706,036,079	100%	198,445,579	4,512,797
2018	1,833,123,068	100%	204,784,489	5,026,032
2019	2,052,594,935	100%	202,267,844	6,669,148
2020	2,278,262,138	100%	204,180,610	14,846,976
2021	2,471,212,233	100%	213,142,990	16,575,245

(1) The Reserve for Retirement of Bonded Debt is the Net Position Restricted for Debt Service at fiscal year-end.

(2) One million dollars of fund balance was used to pay down the bonds refinanced in 2016.

(3) Population is from Municipal Advisory Council of Texas

Source of Information: Tarrant Central Appraisal District and District Debt Schedules and Municipal Advisory Council of Texas



**TABLE 10**

Net Bonded Debt Outstanding at Year-end	Ratio Net Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt per Capita	Taxable Assessed Valuation per Capita
201,381,856	10.25%	31,152	6,464	49,283
227,108,637	9.65%	32,127	7,069	52,400
238,597,999	9.30%	33,348	7,155	45,095
237,950,172	8.73%	33,555	7,091	46,194
234,870,021	8.13%	34,105	6,887	48,432
193,932,782	11.37%	34,474	5,625	49,488
199,758,457	10.90%	34,788	5,742	52,694
195,598,696	9.53%	34,861	5,611	58,879
189,333,634	8.31%	34,859	5,431	65,356
196,567,745	7.95%	33,169	5,926	74,504

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**TABLE 11**

ESTIMATED GENERAL OBLIGATION OVERLAPPING DEBT STATEMENT

FISCAL YEAR 2021

<u>Taxing Body</u>	<u>Gross Dollar Amount</u>	<u>Percent Overlapping</u>	<u>Dollar Overlap</u>
City of Fort Worth	\$ 972,335,000	1.43%	\$ 13,904,391
Town of Lakeside	-	6.58%	-
Live Oak Creek MUD#	17,350,000	100.00%	17,350,000
Tarrant County	240,445,000	1.17%	2,813,207
Tarrant County College District	264,175,000	1.17%	3,090,848
Tarrant County Hospital District	14,495,000	1.17%	169,592
City of Westworth Village	8,555,000	2.39%	204,465
City of White Settlement	25,800,000	96.42%	<u>24,876,360</u>
Subtotal, overlapping debt			\$ <u>62,408,863</u>
White Settlement Independent School District direct debt			\$ <u>217,455,241</u>
Total direct and overlapping debt			\$ <u>279,864,104</u>

(1) Overlapping governments are those that coincide at least in part, with geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of White Settlement Independent School District. This process recognizes that, when considering the District's ability to issue and the repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into the account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Municipal Advisory Council of Texas

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 12**

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Median Wage</u>	<u>Unemployment Rate</u>
2012	31,152	1,548,970,896	49,723	6.20%
2013	32,127	1,532,618,535	47,705	6.00%
2014	33,348	1,587,798,324	47,613	5.00%
2015	33,555	1,480,345,935	44,117	4.00%
2016	34,105	1,562,725,205	45,821	4.10%
2017	34,474	1,828,397,538	53,037	3.40%
2018	34,788	1,925,585,376	55,352	3.40%
2019	34,861	1,994,990,447	57,227	3.10%
2020	34,859	2,132,499,325	61,175	3.00%
2021	33,169	2,081,686,440	62,760	6.20%

(1) Personal income is the product of district population and mean wage.

(2) Median wage is for Tarrant County.

(3) Unemployment rate is for Tarrant County.

Source: Municipal Advisory Council of Texas and Texas Workforce Commission

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****PRINCIPAL EMPLOYERS****CURRENT YEAR AND TEN YEARS AGO**

Employer	Type of Business	2021	
		Estimated Range of Employees	Percentage of Total
Lockheed Martin Aeronautics Company	Manufacturing	15,200	61%
White Settlement ISD	School District	850	5%
Weir SPM	Manufacturing	575	2%
Walmart Supercenter	Retail Trade	270	1%
PDX, Inc.	Service	200	1%
West Side Campus of Care	Health Care & Social Assistance	190	1%
City of White Settlement	Public Administration	135	1%
Region 11 Education Service Center	Educational Services	190	1%
David McDavid Ford	Retail Trade	111	0%
Home Depot	Retail Trade	130	0%
Co-operative Industries Aerospace & Defense	Manufacturing	110	0%
Albertson's	Retail Trade	<u>105</u>	0%
Totals		18,066	72%
Total Employment		25,000	

(1) Employment data is for the City of White Settlement and is not seasonally adjusted.

Source: North Central Council of Governments and the Municipal Advisory Council of Texas and Workforce Solutions for Tarrant County.

**TABLE 13**

2011	
Estimated Range of Employees	Percentage of Total
14,902	53%
613	4%
414	1%
250	1%
175	1%
150	1%
153	1%
100	0%
100	0%
100	<u>0%</u>
<u>100</u>	<u>0%</u>
17,057	63%
27,915	

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**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 14****FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Educational Aides</u>	<u>Auxiliary Staff</u>	<u>Total FTEs</u>
2012	377.5	45.0	28.7	7.0	87.0	185.4	730.6
2013	392.4	46.4	28.6	7.9	89.0	170.4	734.7
2014	400.2	54.5	26.2	9.0	88.8	177.3	756.0
2015	401.3	60.4	28.3	9.0	91.5	126.2	716.7
2016	414.6	58.2	27.9	10.0	95.4	121.0	727.1
2017	425.5	55.3	28.3	10.0	96.9	123.0	739.0
2018	430.8	74.6	27.6	10.0	103.2	140.1	786.3
2019	423.5	82.8	28.6	10.0	93.6	144.2	782.7
2020	432.5	84.3	31.6	10.0	107.3	148.0	813.7
2021	441.1	87.0	30.5	11.0	106.8	149.7	826.1

(1) The District outsourced the custodial services causing the reduction in Auxiliary staff.

(2) Added District-wide Student Services Department and Instructional Coaches.

(3) Added Educational Teaching Assistants for the all-day Pre-K Program.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency and District PEIMS reports.

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TEACHER DATA****LAST TEN FISCAL YEARS**

	Fiscal Year			
	2012	2013	2014	2016
Total Number of Teachers	377.5	392.4	400.2	414.6
Teachers by Highest Degree Held				
No Degree	-	2.9	0.5	4.8
Bachelors	331.6	341.7	342.0	337.6
Masters	45.6	47.5	57.4	72.2
Doctorate	0.3	0.3	0.3	-
Teachers by Years of Experience				
Beginning Teachers	11.7	21.1	20.0	25.4
1-5 Years Experience	130.1	125.7	119.3	123.1
6-10 Years Experiences	82.6	81.3	97.7	94.8
11-20 Years Experience	92.3	101.7	98.5	108.6
Over 20 Years Experience	60.8	62.5	64.8	62.7
Average Salary by Years Experience				
Beginning Teachers	45,856	44,424	45,025	43,994
1-5 Years Experience	43,334	43,834	46,232	47,001
6-10 Years Experiences	44,673	44,687	47,179	47,695
11-20 Years Experience	49,425	49,144	49,655	50,244
Over 20 Years Experience	56,055	56,261	56,950	57,109
Overall Average Years with District	7.6	7.6	7.4	7.1
Overall Average Years Experience	10.8	10.9	10.8	10.7
Overall Average Teacher Salary	47,243	47,400	48,980	49,355
Turnover Rate for Teachers	11.4%	13.1%	16.6%	19.1%

(1) 2021 Turnover Rate for Teachers not available.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency and TSDS Reports.



**TABLE 15**

Fiscal Year				
2017	2018	2019	2020	2021
425.5	430.8	423.5	432.5	441.1
3.0	2.3	1.9	2.0	7.0
355.6	346.4	347.4	350.2	344.5
66.9	82.1	74.1	80.4	89.6
-	-	-	-	-
28.1	17.4	28.3	14.4	15.5
126.0	143.8	132.2	136.2	135.0
100.0	95.7	87.8	99.3	92.7
111.6	107.9	111.9	120.9	131.0
59.8	65.9	63.3	61.7	66.9
44,320	46,435	48,374	54,907	56,479
48,246	48,889	50,177	53,757	56,582
49,386	50,394	50,396	55,045	56,974
52,366	53,730	55,081	58,409	60,009
59,713	60,417	61,171	64,479	66,848
6.5	6.5	6.3	6.1	6.3
10.2	10.5	10.6	10.8	11.0
50,947	52,100	53,041	56,917	58,925
16.8%	16.5%	25.6%	19.5%	0.0% (1)

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**TABLE 16**

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

<b>Fiscal Year Ended 6/30: (1)</b>	<b>District</b>		<b>Region Average Salary</b>	<b>Statewide Average Salary</b>
	<b>Minimum Salary</b>	<b>Maximum Salary</b>		
2011	\$ 42,600	\$ 57,400	\$ 50,986	\$ 46,638
2012	42,600	57,400	50,386	48,375
2013	45,000	58,900	51,130	48,821
2014	45,000	58,900	52,208	49,692
2015	45,500	59,400	53,291	45,570
2016	47,000	60,900	54,379	46,450
2017	47,800	61,700	55,194	52,525
2018	48,500	62,400	56,144	47,883
2019	52,500	66,400	56,985	54,122
2020	53,800	67,700	59,339	57,091
2021	54,600	68,500	NA	(2) NA

(1) Salary amount does not include stipends.

(2) Current year information is not yet available.

Source: Texas Academic Performance Report (TAPR) Report published by the Texas Education Agency and

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 17****EXPENDITURES, ENROLLMENT AND PER PUPIL COST****LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Governmental Funds Expenditures</u>	<u>Cost per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Students Receiving Free/Reduced Lunch</u>
2012	6,384	36,631,646	5,738	44,372,136	6,951	378	16.9	55.1%
2013	6,514	44,195,961	6,785	51,208,683	7,861	392	16.6	53.3%
2014	6,551	43,977,435	6,713	51,569,263	7,872	400	16.4	53.5%
2015	6,647	44,870,295	6,750	52,300,583	7,868	401	16.6	53.2%
2016	6,697	46,696,903	6,973	52,947,488	7,906	415	16.2	53.8%
2017	6,794	49,881,866	7,342	57,301,371	8,434	426	16.0	55.2%
2018	6,842	50,399,255	7,366	57,363,055	8,384	431	15.9	55.1%
2019	6,836	52,906,515	7,739	61,415,833	8,984	424	16.1	57.3%
2020	6,842	55,043,669	8,045	66,997,425	9,792	433	16.1	58.5%
2021	6,701	57,177,292	8,533	79,379,209	11,846	441	16.1	58.5%

(1) Operating expenditures include only the General Fund and include total expenditures less amounts paid for fixed asset additions.

(2) The District changed the fiscal year end in 2020 from September 30th to June 30th. Fiscal year-end 2020 is for 10 months only.

Source: White Settlement Independent School District and Texas Education Agency (TAPR) Report

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 18**TOTAL EXPENSES OF GOVERNMENTAL ACTIVITIES,  
ENROLLMENT AND PER PUPIL COST

## LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Government- Wide Expenses</u>	<u>Cost Per Pupil</u>
2012	6,384	45,020,375	7,052
2013	6,514	52,458,111	8,053
2014	6,551	52,599,782	8,029
2015	6,647	52,931,767	7,963
2016	6,697	55,419,673	8,275
2017	6,794	60,492,048	8,904
2018	6,842	56,652,364	8,280
2019	6,836	82,032,612	12,000
2020 (1)	6,842	82,824,998	12,105
2021	6,701	83,784,362	12,503

(1) The District changed the fiscal year end in 2020 from September 30th to June 30th. Fiscal year-end 2020 is for 10 months only.

Source: White Settlement Independent School District and Texas Education Agency

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT****TABLE 19****SCHOOL BUILDING INFORMATION****CURRENT YEAR**

	<u>Year Built</u>	<u>Grades Served</u>	<u>Building Capacity</u>	<u>Enrollment</u>	<u>Percent of Capacity Used</u>
<b>HIGH SCHOOL</b>					
Brewer High School	2006	9-12	2,453	2,111	86.1%
<b>MIDDLE SCHOOL</b>					
Brewer Middle School	1957/2006	7-8	1,242	1,112	89.5%
<b>INTERMEDIATE SCHOOL</b>					
Tannahill Intermediate School	2000	5-6	1,020	869	85.2%
<b>ELEMENTARY SCHOOLS</b>					
Liberty Elementary School	1975	K-4	682	517	75.8%
North Elementary School	2004	K-4	950	714	75.2%
West Elementary & Pre-k School	1953/2006	EE-4	851	480	56.4%
Blue Haze Elementary School	1988/2006	K-4	1,010	620	61.4%
Fine Arts Academy	2005	K-6	340	293	86.2%
<b>OTHER PROGRAMS</b>					
Disciplinary Alternative Education Program	2019	3-12	-	N/A	

(1) Enrollment as of December 31, 2020

(2) Building capacity does not include portable buildings.

(3) The second date listed is the date major renovations were done to the campus.

(4) The DAEP campus was acquired during the 2018-2019 school year when the Head Start Program decided to no longer provide services at this location. The building was renovated and converted to the DAEP Campus.

Source of Information: White Settlement Independent School District

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## **FEDERAL AWARDS SECTION**

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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 of  
White Settlement Independent School District  
White Settlement, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Settlement Independent School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise White Settlement Independent School District's basic financial statements, and have issued our report thereon dated October 13, 2021.

***Internal Control Over Financial Reporting***

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 White Settlement 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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
October 13, 2021

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

Board of Trustees of  
White Settlement Independent School District  
White Settlement, Texas

**Report on Compliance for Each Major Federal Program**

We have audited White Settlement Independent School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of White Settlement Independent School District's major federal programs for the year ended June 30, 2021. White Settlement Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

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

### ***Opinion on Each Major Federal Program***

In our opinion, White Settlement Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

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

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

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

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

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
October 13, 2021

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>				
Passed through the Texas Education Agency:				
School Breakfast Program (SBP)	10.553	71402101	\$ 357,050	\$ -
School Breakfast Program (SBP)	10.553	71402001	69,321	-
Total Assistance Listing Number 10.553			<u>426,371</u>	<u>-</u>
National School Lunch Program (NSLP)	10.555	71302101	1,718,530	-
National School Lunch Program (NSLP)	10.555	71302001	173,844	-
Total Assistance Listing Number 10.555			<u>1,892,374</u>	<u>-</u>
Total Passed through the Texas Education Agency			<u>2,318,745</u>	<u>-</u>
Passed through the Texas Department of Agriculture:				
NSLP- Commodities - Non-cash assistance	10.555	01032 CE	254,155	-
COVID-19 - NSLP Emergency Operational Cost Reimbursement	10.555	01032 CE	174,929	-
Total Child Nutrition Cluster			<u>2,747,829</u>	<u>-</u>
Child and Adult Care Food Program	10.558	01032 CE	84,788	-
Total Passed through the Texas Department of Agriculture			<u>513,872</u>	<u>-</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>2,832,617</u>	<u>-</u>
<b><u>U. S. DEPARTMENT OF THE TREASURY</u></b>				
Passed through the Texas Division of Emergency Management:				
COVID-19 - Coronavirus Relief Fund	21.019	2020	609,674	-
Total Passed through the Texas Division of Emergency Management			<u>609,674</u>	<u>-</u>
<b>TOTAL U. S. DEPARTMENT OF THE TREASURY</b>			<u>609,674</u>	<u>-</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>				
Passed through the Texas Education Agency:				
Title I, Part A - Grants to Local Education Agencies	84.010	20610123220920	377,157	-
Title I, Part A - Grants to Local Education Agencies	84.010	21610123220920	705,412	-
Total Assistance Listing Number 84.010			<u>1,082,569</u>	<u>-</u>
IDEA B Formula - Special Education Grants to States	84.027	206600012209206000	437,513	-
IDEA B Formula - Special Education Grants to States	84.027	216600012209206000	813,145	58,500
Total Assistance Listing Number 84.027			<u>1,250,658</u>	<u>58,500</u>
IDEA Preschool - Special Education Preschool Grants	84.173	206610012209206000	14,215	-
IDEA Preschool - Special Education Preschool Grants	84.173	216610012209206000	28,176	-
Total Assistance Listing Number 84.173			<u>42,391</u>	<u>-</u>
Total Special Education (IDEA) Cluster			<u>2,375,618</u>	<u>58,500</u>
Perkins IV - Career and Technical Education	84.048A	21420006220920	62,632	-
Title III, Part A - English Language Acquisition	84.365A	20671001220920	22,358	-
Title III, Part A - English Language Acquisition	84.365A	20671003220920	8,078	-
Title III, Part A - English Language Acquisition	84.365A	21671001220920	59,337	-
Total Assistance Listing Number 84.365A			<u>89,773</u>	<u>-</u>
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	20694501220920	66,096	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	21694501220920	111,724	-
Total Assistance Listing Number 84.367A			<u>177,820</u>	<u>-</u>
Instructional Continuity	84.377A	17610740220920	34,976	-
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	206801012200920	25,482	-
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	216801012200920	52,436	-
Total Assistance Listing Number 84.424A			<u>77,918</u>	<u>-</u>

**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2021**

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001220920	885,845	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	21528001220920	1,013,544	-
Total Assistance Listing Number 84.425			1,899,389	-
Total Passed through the Texas Education Agency			4,718,126	-
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			4,718,126	-
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Passed through Texas Health and Human Services Commission:				
Medicaid Administrative Claiming Program - MAC	93.778	529-09-0032-00046	19,745	-
Total Passed through Texas Health and Human Services Commission			19,745	-
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			19,745	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 8,180,162	\$ -

# WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2021

### 1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of White Settlement Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

### 2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### 3. INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

### 4. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the fiscal year:

Federal revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds (Exhibit C-3)	\$ 10,940,956
Elementary and Secondary School Emergency Relief - CARES Act (ESSER I) Funds recognized as revenue for financial statement purposes in the prior year, but reported on SEFA due to grant award notification occurring subsequent to year-end.	305,131
Elementary and Secondary School Emergency Relief - CRRSA Act (ESSER II) Funds recognized as revenue for financial statement purposes in the current year, but not reported on SEFA due to grant award notification occurring subsequent to year-end.	( 2,470,982)
School health and related services revenue	( 594,943)
Federal expenditures on the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ <u>8,180,162</u>



**WHITE SETTLEMENT INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2021**

**Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None

**Federal Awards:**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported

Type of auditor's report on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
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**Identification of major programs:**

Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.010	Title I, Part A - Grants to Local Education Agencies
84.425D & 84.425U	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Findings Relating to the Financial Statements Which are Required to be Reported in  
Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

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