

**Lake Travis
Independent School District**

**Annual Financial Report
for the Fiscal Year Ended
August 31, 2021**



Lake Travis Independent School District
Annual Financial Report
Year Ended August 31, 2021
Table of Contents

	Page
Certificate of Board	1
Financial Section	
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	20
Statements of Net Position - Proprietary Funds	21
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
Statements of Cash Flows - Proprietary Funds	23
Statement of Fiduciary Net Position - Custodial Funds	24
Statement of Changes in Fiduciary Net Position - Custodial Funds	25
Notes to Basic Financial Statements	26-56
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	57
Schedule of District Contributions - Pensions	58
Schedule of the District's Proportionate Share of the Net OPEB Liability	59
Schedule of District Contributions - OPEB	60
Note to Required Supplementary Information	61
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Special Revenue Governmental Funds	62-64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Governmental Funds	65-67
Combining Statement of Net Position - Business-type Activities - Nonmajor Enterprise Funds	68
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Business-type Activities - Nonmajor Enterprise Funds	69
Combining Statement of Cash Flows - Business-type Activities - Nonmajor Enterprise Funds	70

Lake Travis Independent School District
Annual Financial Report
Year Ended August 31, 2021
Table of Contents

	<u>Page</u>
Financial Section (continued)	
Combining and Individual Fund Statements and Schedules (continued):	
Combining Statement of Net Position - Governmental Activities - Nonmajor Internal Service Funds	71
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Governmental Activities - Nonmajor Internal Service Funds	72
Combining Statement of Cash Flows - Nonmajor Internal Service Funds	73
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Food and Nutrition Services Fund	75
Other Schedules:	
Schedule of Delinquent Taxes Receivable	76
Exhibit J-4 - Use of Funds Report - Select State Allotment Programs	77
Exhibit L-1 - Required Responses to Selected School First Indicators	78
Federal Awards Section	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	79-80
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	81-82
Schedule of Expenditures of Federal Awards	83-84
Notes to the Schedule of Expenditures of Federal Awards	85
Schedule of Findings and Questioned Costs	86-88
Schedule of Corrective Action Plan (Auditee Prepared)	89

Certificate of Board

Lake Travis Independent School District

Name of School District

Travis

County

227913

Co.-Dist. Number

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

Lauren White

Signature of Board Secretary

[Signature]

Signature of Board President

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

Financial Section



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Independent Auditors' Report

The Board of Trustees of
Lake Travis Independent School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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.

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of District contributions - pensions, the schedule of the District's proportionate share of the net OPEB liability, the schedule of District contributions - OPEB, and the note to the required supplementary information on pages 5 through 14, 57, 58, 59, 60, and 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the 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 the District's internal control over financial reporting and compliance.

Maxwell Locke + Ritter LLP

Austin, Texas
December 14, 2021

Lake Travis Independent School District Management's Discussion and Analysis

In this section of the annual financial report, we, the managers of Lake Travis Independent School District (the "District"), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditors' report that begins on page 2, and the District's basic financial statements that begin on page 15.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$104.5 million. Of this amount, \$1.9 million was unrestricted net position.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$97.7 million. Approximately 46 percent of this total amount, \$45.4 million, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$45.4 million, or 33 percent of the total General Fund expenditures (50 percent after factoring out recapture costs).
- In October 2020, the District refunded \$64,455,000 of previously issued District bonds, which resulted in a gross debt service savings to the District of \$10,339,279.
- In February 2021, the District made an early payment of \$7,405,000 on its Series 2018B bonds. By paying this debt prior to its maturity, the District saved \$5,896,690 of interest costs.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 15 and 16). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 17) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The Notes to Basic Financial Statements (starting on page 26) provide narrative explanations or additional data that are an integral part for full disclosure in the government-wide statements or the fund financial statements.

The combining statements and budget comparisons included as supplementary information provide detail of all nonmajor governmental funds and budgetary comparisons for the Debt Service major governmental fund and the Food and Nutrition Services nonmajor governmental fund.

The Other Schedules section provides additional supporting schedules, including a Schedule of Delinquent Taxes Receivable, Exhibit J-4 Use of Funds Report for Select State Allotment Programs, and Exhibit L-1 Required Responses to School First Indicators.

The Required Supplementary Information includes the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions - Pensions, the Schedule of the District's Proportionate Share of the Net OPEB Liability, Schedule of District Contributions - OPEB, and the Note to Required Supplementary Information related to the District's contributions to a cost-sharing pension and OPEB plan with the Teacher Retirement System of Texas.

The Federal Awards Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 15. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by the private sector.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as fees paid to participate in community education programs and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or through the Texas Education Agency. All the District's assets and deferred outflows are reported whether they serve the current year or future years. Liabilities and deferred inflows are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's enrollment or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has two types of activities:

- Governmental activities - The District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities - The District's community education function is reported here as the intention is to recover all or a significant portion of their costs through user fees and charges. In addition, the District's video display board operations are also reported here as the intention is to recover all costs of operating the video display board through advertising revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 17 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes, such as campus activities. The District uses the following funds for its accounting:

- Governmental funds - The District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliation schedules following each of the fund financial statements.
- Proprietary funds - The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's Enterprise Funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. These resources are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

Both current and prior year data are presented with discussion of significant changes in the accounts. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's government-wide activities.

This two-year comparison provides an indication of the District's financial well being. Increases and decreases in net position may serve over time as a useful indicator of a government's financial position. As of August 31, 2021, the District's assets and deferred outflows exceed its liabilities and deferred inflows by \$104.5 million compared to prior year net position of \$84.5 million. This increase was caused primarily from additional property tax revenues from increased property values and a decrease in recapture payments.

Table 1
The District's Net Position
(in thousands)

	Governmental Activities 8/31/2021	Governmental Activities 8/31/2020	Business-type Activities 8/31/2021	Business-type Activities 8/31/2020	Total 8/31/2021	Total 8/31/2020
Assets:						
Current and other assets	\$ 114,702	\$ 134,340	\$ 1,836	\$ 2,059	\$ 116,538	\$ 136,399
Capital assets	425,434	426,326	270	292	425,704	426,618
Total assets	540,136	560,666	2,106	2,351	542,242	563,017
Deferred outflows:						
Deferred charges on bond refundings	17,215	11,546	-	-	17,215	11,546
Pension contributions after measurement date	1,943	1,762	-	-	1,943	1,762
Deferred outflows related to pension liability	7,504	10,337	-	-	7,504	10,337
OPEB contributions after measurement date	529	500	-	-	529	500
Deferred outflows related to OPEB liability	7,820	7,359	-	-	7,820	7,359
Total deferred outflows	35,011	31,504	-	-	35,011	31,504
Liabilities:						
Current and other liabilities	24,846	44,536	66	-	24,912	44,536
Long-term liabilities	425,624	448,663	-	-	425,624	448,663
Total liabilities	450,470	493,199	66	-	450,536	493,199
Deferred inflows:						
Deferred inflows related to pension liability	3,914	3,850	-	-	3,914	3,850
Deferred inflows related to OPEB liability	18,309	12,979	-	-	18,309	12,979
Total deferred inflows	22,223	16,829	-	-	22,223	16,829
Net position:						
Net investment in capital assets	94,625	73,661	270	292	94,895	73,953
Restricted	7,667	8,444	-	-	7,667	8,444
Unrestricted	162	37	1,770	2,059	1,932	2,096
Total net position	\$ 102,454	\$ 82,142	\$ 2,040	\$ 2,351	\$ 104,494	\$ 84,493

Investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding is \$94.9 million. 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, generally property taxes, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$7.7 million or approximately 7.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$1.9 million.

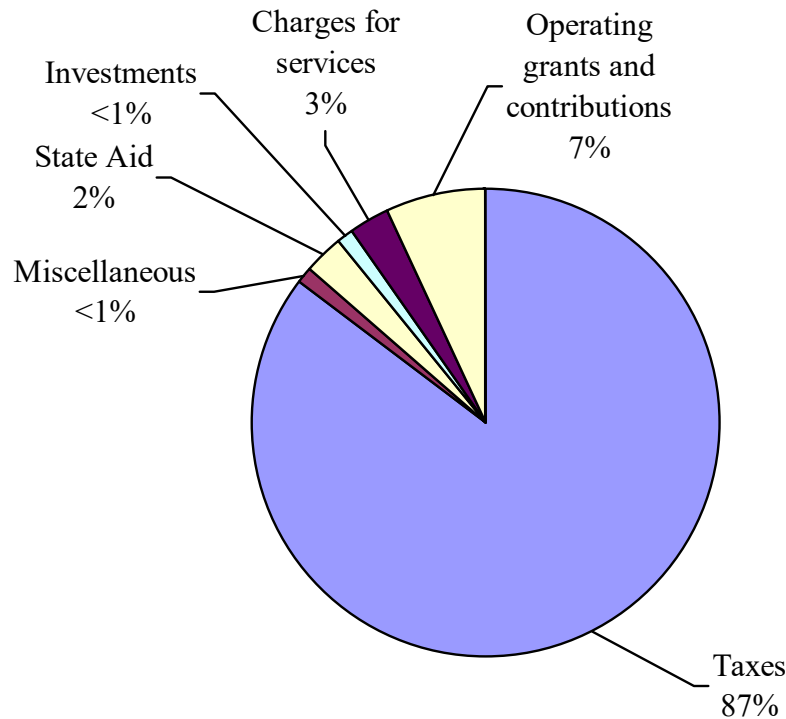
Changes in net position - As described at Table 2, the District's total net position increased by \$20.0 million. The total cost of all government-wide activities this year was \$181.7 million. The amount that our taxpayers paid for these activities through property taxes was \$175.0 million or 96 percent, a 7 percent increase from the previous year.

Table 2
The District's Change in Net Position
(in thousands)

	Governmental Activities Year Ended 8/31/2021	Governmental Activities Year Ended 8/31/2020	Business-type Activities Year Ended 8/31/2021	Business-type Activities Year Ended 8/31/2020	Total Year Ended 8/31/2021	Total Year Ended 8/31/2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,644	\$ 4,512	\$ 2,013	\$ 1,663	\$ 5,657	\$ 6,175
Operating grants and contributions	14,491	15,167	-	-	14,491	15,167
General revenues:						
Property taxes	174,955	168,984	-	-	174,955	168,984
State aid-formula grants	5,181	4,014	-	-	5,181	4,014
Other	1,397	10,514	-	-	1,397	10,514
Total revenues	199,668	203,191	2,013	1,663	201,681	204,854
Expenses:						
Governmental activities:						
Instruction	66,474	69,574	-	-	66,474	69,574
Instructional resources and media services	1,103	1,044	-	-	1,103	1,044
Student support services	28,449	28,842	-	-	28,449	28,842
General administration	3,935	4,132	-	-	3,935	4,132
Support services	18,105	15,602	-	-	18,105	15,602
Community services	1,053	560	-	-	1,053	560
Interest on long-term debt and other debt services	5,693	15,794	-	-	5,693	15,794
Facilities acquisition and construction	7,977	10,827	-	-	7,977	10,827
Contracted instructional services between schools	45,816	40,800	-	-	45,816	40,800
Other	751	781	-	-	751	781
Business-type activities:						
Community education	-	-	2,302	1,881	2,302	1,881
Video display board	-	-	22	22	22	22
Total expenses	179,356	187,956	2,324	1,903	181,680	189,859
Change in net position	20,312	15,235	(311)	(240)	20,001	14,995
Beginning net position	82,142	66,907	2,351	2,591	84,493	69,498
Ending net position	<u>\$ 102,454</u>	<u>\$ 82,142</u>	<u>\$ 2,040</u>	<u>\$ 2,351</u>	<u>\$ 104,494</u>	<u>\$ 84,493</u>

The District’s total revenues were \$201.7 million. A significant portion, 87 percent, of the District’s revenue comes from taxes (See Figure 1); 2 percent comes from state aid - formula grants, 3 percent relates to charges for services, 1 percent comes from investment earnings and miscellaneous revenue, and 7 percent comes from operating grants and contributions.

Figure 1
Sources of Revenue for
the Year Ended August 31, 2021



House Bill 3, which passed during the legislative session in 2019 changed the way school districts receive revenue from state and local sources. Property tax rates were compressed for two years and replaced with a combination of an increase in overall state funding through an increase in the basic allotment per student and increases for special programs. State funding is based upon a combination of Tier 1 and Tier 2 funding based on entitlements as outlined in HB3. When values exceed these amounts, a district must share its wealth with the State to equalize access to revenue. Chapter 49 is referenced in the Texas Education Code that defines a school district which has property wealth that is above the state funding formula threshold. The District is considered “property wealthy” and is subject to Chapter 49 recapture payments to the State. The District’s recapture amount paid to the State increased to \$46.1 million compared to \$41.1 million in the prior year. This equates to 35.5 percent of each tax dollar raised under maintenance and operations. Debt service taxes are excluded from recapture.

The District’s program and general revenues decreased by \$3.2 million (2 percent) due primarily to a one-time payment of \$7.5 million from Travis County in the prior year related to Vail Divide Southern Extension Project.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds

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

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$97.7 million. Of this amount \$45.4 million constitutes unassigned fund balance available for use in the General Fund activities at the District's discretion. The remainder of the fund balance is nonspendable due to form or restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for other obligations of the District. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to the total fund expenditures. Unassigned fund balance represents 33 percent of the total General Fund expenditures.

The District's General Fund's fund balance increased by approximately \$3.2 million. This is less than the prior year's increase of \$4.2 million.

The Debt Service Fund has a total fund balance of \$7.0 million, all of which is restricted for the payment of debt service. The net decrease in fund balance during the period in the Debt Service Fund was \$74,000. This decrease was from the District's full and final payment of its outstanding debt obligation to Marble Falls ISD from the detachment and annexation of territory in June 2010.

The District's Capital Project Fund had a total fund balance of \$40.7 million, which decreased by \$19.5 million from the prior year.

General Fund Budgetary Highlights

During the fiscal year, the District's Board approved amendments to the budget.

The District made the following larger amendments to budgeted revenue/expenditures:

- \$350,000 increase in property taxes due to higher property values.
- \$150,000 increase delinquent property taxes collected.
- \$221,000 increase in other local revenue due to Permanent School Fund distribution from Travis County
- \$880,000 increase in Foundation School Program (FSP) allotment due to prior years property value audit.
- \$786,000 increase in Available School Fund (ASF) allotment.
- \$3,678,000 increase in recapture due to lower than anticipated enrollment and attendance
- \$3,169,000 decrease in instructional, transportation, maintenance and co-curricular activities expenditures due to providing on-campus and remote instruction during the school year, and staffing shortages due to the COVID-19 pandemic.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities and business-type activities as of August 31, 2021 amounts to \$425.4 million and \$270,000, respectively, (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and vehicles.

	District's Capital Assets (Net of Depreciation) (in thousands)	
	2021	2020
Land	\$ 28,418	\$ 28,418
Construction in progress	150,895	142,424
Buildings and improvements	234,215	242,446
Furniture and equipment	5,006	5,374
Vehicles	7,170	7,956
Total capital assets (net of accumulated depreciation)	<u>\$ 425,704</u>	<u>\$ 426,618</u>

Additional information on the District's capital assets can be found in Note 6 on pages 37 and 38 of this report.

Long-term Debt

As of August 31, 2021, the District had total outstanding long-term debt of \$350.7 million, a decrease of \$31.1 million from the prior year due to payments on bond principal for 2020-2021.

The "AAA" long-term rating on the District's bonds reflects the Texas Permanent School Fund guarantee. The District's underlying credit rating is "AA+" by both Standard and Poor's (2021) and by Fitch Rating Services (2021).

State statutes have limits on the amount of general obligation debt a governmental entity may issue. A school district may not exceed \$0.50/\$100 on its debt service tax rate for new debt (debt issued after August 31, 1992). The District's current debt service tax rate is \$0.3475/\$100. This would leave up to an additional \$0.1525/\$100 available on the tax rate. Based on these limitations, the District has the ability to fund future bond issues. The District's last bond election was successfully held in November 2017.

Additional information on the District's long-term liabilities can be found in Note 8 on pages 38 through 40 of this report.

Economic Factors and Next Year’s Budgets and Rates

The District is located in what has been one of the fastest growing regions in the state and the country. The District has a diversified tax base with the principal tax payers (the top-ten tax payers) making up only 7.25% of the District’s overall tax base. For the 2020 tax year, Galleria Texas, LLC was the District’s largest taxpayer.

The principal taxpayers for the District, along with the percent of assessed value for the District, are listed below:

1. CSHV HCG Retail, LLC	1.86%
2. IVT Shops at Galleria	0.98%
3. Madrone Acquisition, LP	0.81%
4. FHF I Oaks at Lakeway, LLC	0.62%
5. BMEF Lakeway, LLC	0.57%
6. Regency Lake Travis	0.55%
7. Lakeway Realty, LLC	0.52%
8. Avanti Hills, LLC	0.48%
9. Bee Cave Owner, LLC	0.44%
10. Hill Country Texas Galleria, LLC	0.44%

The District set its operating tax rate at \$0.9764 and its debt service tax rate at \$0.3475 for the 2020-2021 school year. On August 11, 2021, the Board called for a voter-approval tax rate election (VATRE) held on November 2, 2021 to capture two additional “Golden Pennies” on the operating side of the tax rate. Golden Pennies are not subject to Chapter 49 recapture which allows the District to retain an additional \$3 million in the operating budget. The Board simultaneously cuts the debt service tax rate by two cents so the net effect will result in a zero change in the overall tax rate. The VATRE was approved by voters and the Board has set the District’s operating tax rate at \$0.9026 and its debt service rate at \$0.3275 for the 2021-2022 school year.

Due to projected growth in students the 2021-2022 budget includes the following:

- The August 2020 unemployment rate for Travis County is 3.7 percent while the state unemployment rate is 5.9 percent.
- The District’s student attendance rate remained stable at 96.2 percent for the 2020-2021 school year, which is within the typical annual range.
- The District experienced an enrollment decrease of 0.8 percent for the 2020-2021 school year due to the COVID-19 pandemic and an overall increase in growth of 18.3 percent over the past five years.
- The District’s taxable valuation has increased by 13.4 percent for the 2021-2022 school year. This is up significantly from an increase of 4.8 percent last year.
- The District has appropriated General Fund revenues and expenditures in the 2021-2022 budget of \$138.6 million and \$139.1 million, respectively. Significant changes to the budget include the cost to educate approximately 639 new students (\$2.2 million), the increase cost of recapture due to higher tax values (\$2.2 million) and the 2.0 percent staff salary increase (\$1.2 million).
- In 2021, under the 87th Legislative session, Congress passed House Bill 1525 (HB 1525), referred to as the “Clean-Up Bill” to House Bill 3 (HB 3) which was passed in the 86th Legislative session. Under HB 1525, adjustments were made to the Fast Growth and Career and Technology Education Allotments, and it reinstated the Gifted & Talented Allotment effective during the 2021-2022 school year. The overall impact to the District is estimated to be an increase in funding of \$275,000.

On the Interest and Sinking (I & S) Fund, increased property values throughout the District will allow the District to redeem an additional \$21.69 million of its Series 2012 and 2018B Current Interest Obligations. By paying down the District's debt requirement prior to their scheduled maturity dates, the District estimates an overall debt savings of approximately \$16.7 million.

Contacting the District's Financial Management

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 Assistant Superintendent of Business and Operations, Lake Travis Independent School District, 3322 Ranch Road 620 South, Austin, Texas 78738.

Basic Financial Statements

Lake Travis Independent School District
Statement of Net Position
August 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 25,421,046	1,836,048	27,257,094
Temporary investments	84,830,991	-	84,830,991
Receivables:			
Property taxes - delinquent	3,790,302	-	3,790,302
Allowance for uncollectible taxes	(1,148,163)	-	(1,148,163)
Due from other governments	1,447,186	-	1,447,186
Other receivables	5,039	-	5,039
Inventory	355,781	-	355,781
Capital assets (net of accumulated depreciation):			
Land	28,417,557	-	28,417,557
Construction in progress	150,894,912	-	150,894,912
Buildings and improvements	233,945,798	269,407	234,215,205
Furniture and equipment	5,006,340	-	5,006,340
Vehicles	7,169,441	-	7,169,441
Total assets	<u>540,136,230</u>	<u>2,105,455</u>	<u>542,241,685</u>
Deferred Outflows of Resources			
Deferred charges on bond refundings	17,215,204	-	17,215,204
Pension contributions after measurement date	1,942,396	-	1,942,396
Deferred outflows related to pension liability	7,503,547	-	7,503,547
OPEB contributions after measurement date	529,390	-	529,390
Deferred outflows related to OPEB liability	7,820,209	-	7,820,209
Total deferred outflows of resources	<u>35,010,746</u>	<u>-</u>	<u>35,010,746</u>
Liabilities			
Current liabilities:			
Accounts payable	2,012,112	3,717	2,015,829
Accrued expenditures	3,480,072	-	3,480,072
Payroll deductions and withholdings payable	898,516	-	898,516
Accrued wages payable	4,981,378	62,042	5,043,420
Due to other governments	3,536	-	3,536
Unearned revenue	632,865	-	632,865
Bond interest payable	597,602	-	597,602
Bonds payable	12,240,000	-	12,240,000
Noncurrent liabilities:			
Bonds payable	376,507,535	-	376,507,535
Accretion payable	695,246	-	695,246
Compensated absences	565,513	-	565,513
Net pension liability	22,851,574	-	22,851,574
Net OPEB liability	25,003,900	-	25,003,900
Total liabilities	<u>450,469,849</u>	<u>65,759</u>	<u>450,535,608</u>
Deferred Inflows of Resources			
Deferred inflows related to pension liability	3,913,444	-	3,913,444
Deferred inflows related to OPEB liability	18,309,263	-	18,309,263
Total deferred inflows of resources	<u>22,222,707</u>	<u>-</u>	<u>22,222,707</u>
Net Position			
Net investment in capital assets	94,625,678	269,407	94,895,085
Restricted for:			
Debt service	7,137,230	-	7,137,230
Food service	529,471	-	529,471
Unrestricted	162,041	1,770,289	1,932,330
Total net position	<u>\$ 102,454,420</u>	<u>2,039,696</u>	<u>104,494,116</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statement of Activities
Year Ended August 31, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction	\$ 66,474,041	108,450	9,860,427	(56,505,164)	-	(56,505,164)
Instructional resources and media services	1,103,041	-	71,971	(1,031,070)	-	(1,031,070)
Curriculum and staff development	1,144,884	-	293,560	(851,324)	-	(851,324)
Instructional leadership	2,008,856	-	139,140	(1,869,716)	-	(1,869,716)
School leadership	5,308,542	-	368,369	(4,940,173)	-	(4,940,173)
Guidance, counseling, and evaluation services	5,086,455	209,251	923,861	(3,953,343)	-	(3,953,343)
Social work services	160,150	-	2,065	(158,085)	-	(158,085)
Health services	1,058,990	-	74,604	(984,386)	-	(984,386)
Student transportation	5,716,723	-	310,542	(5,406,181)	-	(5,406,181)
Food services	4,479,863	2,921,916	448,888	(1,109,059)	-	(1,109,059)
Extracurricular activities	3,484,340	157,210	820,371	(2,506,759)	-	(2,506,759)
General administration	3,935,231	-	219,861	(3,715,370)	-	(3,715,370)
Facilities maintenance and operations	13,530,481	247,560	492,106	(12,790,815)	-	(12,790,815)
Security and monitoring services	874,660	-	150,771	(723,889)	-	(723,889)
Data processing services	3,700,086	-	107,562	(3,592,524)	-	(3,592,524)
Community services	1,053,174	-	65,580	(987,594)	-	(987,594)
Interest on long-term debt	4,541,462	-	139,430	(4,402,032)	-	(4,402,032)
Other debt service	1,151,229	-	-	(1,151,229)	-	(1,151,229)
Facilities acquisition and construction	7,976,679	-	1,830	(7,974,849)	-	(7,974,849)
Contracted instructional services between schools	45,815,978	-	-	(45,815,978)	-	(45,815,978)
Incremental costs related to recapture	262,808	-	-	(262,808)	-	(262,808)
Payments related to shared services arrangements	44,008	-	-	(44,008)	-	(44,008)
Other intergovernmental charges	444,089	-	-	(444,089)	-	(444,089)
Total governmental activities	\$ 179,355,770	3,644,387	14,490,938	(161,220,445)	-	(161,220,445)
Business-type activities:						
Community education	\$ 2,301,343	1,910,566	-	-	(390,777)	(390,777)
Video display board	22,450	102,250	-	-	79,800	79,800
Total business-type activities	\$ 2,323,793	2,012,816	-	-	(310,977)	(310,977)
Total primary government	\$ 181,679,563	5,657,203	14,490,938	(161,220,445)	(310,977)	(161,531,422)
General revenues:						
Property taxes, levied for general purposes				\$ 129,022,331	-	129,022,331
Property taxes, levied for debt service				45,932,751	-	45,932,751
State aid-formula grants				5,180,782	-	5,180,782
Investment earnings				1,193,927	-	1,193,927
Miscellaneous revenue				203,010	-	203,010
Total general revenues				181,532,801	-	181,532,801
Change in net position				20,312,356	(310,977)	20,001,379
Net position - beginning				82,142,064	2,350,673	84,492,737
Net position - ending				\$ 102,454,420	2,039,696	104,494,116

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Balance Sheet
Governmental Funds
August 31, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,107,272	821,297	14,089,268	2,849,645	23,867,482
Temporary investments	47,968,434	6,204,511	30,544,332	-	84,717,277
Receivables:					
Property taxes - delinquent	2,801,923	988,379	-	-	3,790,302
Allowance for uncollectible taxes	(868,808)	(279,355)	-	-	(1,148,163)
Due from other governments	994,953	-	-	452,233	1,447,186
Due from other funds	252,389	-	-	-	252,389
Other receivables	661	-	-	4,378	5,039
Inventory	62,621	-	-	293,160	355,781
Total assets	<u>\$ 57,319,445</u>	<u>7,734,832</u>	<u>44,633,600</u>	<u>3,599,416</u>	<u>113,287,293</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 181,336	-	416,251	340,755	938,342
Accrued expenditures	-	-	3,480,072	-	3,480,072
Payroll deductions and withholdings payable	898,516	-	-	-	898,516
Accrued wages payable	4,758,395	-	13,316	209,667	4,981,378
Due to other governments	3,536	-	-	-	3,536
Due to other funds	1,728,797	-	-	252,389	1,981,186
Unearned revenue	313,912	-	-	318,953	632,865
Total liabilities	<u>7,884,492</u>	<u>-</u>	<u>3,909,639</u>	<u>1,121,764</u>	<u>12,915,895</u>
Deferred inflows of resources-					
Deferred revenue - property taxes	1,933,115	709,024	-	-	2,642,139
Fund balances:					
Nonspendable-					
Inventory	62,621	-	-	-	62,621
Restricted for:					
Debt service	-	7,025,808	-	-	7,025,808
Authorized construction	-	-	40,723,961	-	40,723,961
Food service	-	-	-	529,471	529,471
Committed to:					
Compensated absences	565,513	-	-	-	565,513
Campus activities	-	-	-	905,307	905,307
Assigned to:					
Subsequent fiscal year budget deficit	1,514,873	-	-	-	1,514,873
Locally funded campus programs	-	-	-	1,042,874	1,042,874
Unassigned	45,358,831	-	-	-	45,358,831
Total fund balances	<u>47,501,838</u>	<u>7,025,808</u>	<u>40,723,961</u>	<u>2,477,652</u>	<u>97,729,259</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,319,445</u>	<u>7,734,832</u>	<u>44,633,600</u>	<u>3,599,416</u>	

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	425,434,048
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,642,139
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.	2,322,305
The following liabilities and deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums	(388,747,535)
Less: Deferred charges on bond refundings	17,215,204
Accretion payable	(695,246)
Bond interest payable	(597,602)
Compensated absences	(565,513)
Net pension liability	(22,851,574)
Net OPEB liability	(25,003,900)
Pension contributions after measurement date	1,942,396
OPEB contributions after measurement date	529,390
Deferred outflows related to pension liability	7,503,547
Deferred outflows related to OPEB liability	7,820,209
Deferred inflows related to pension liability	(3,913,444)
Deferred inflows related to OPEB liability	(18,309,263)
Net position of governmental activities	<u>\$ 102,454,420</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended August 31, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local and intermediate sources	\$ 130,689,432	46,253,462	170,731	4,873,385	181,987,010
State program revenues	8,528,957	139,430	-	1,120,240	9,788,627
Federal program revenues	447,317	-	174,234	5,065,582	5,687,133
Total revenues	<u>139,665,706</u>	<u>46,392,892</u>	<u>344,965</u>	<u>11,059,207</u>	<u>197,462,770</u>
Expenditures					
Current:					
Instruction	52,021,117	-	-	5,009,490	57,030,607
Instructional resources and media services	981,591	-	-	-	981,591
Curriculum and staff development	862,252	-	-	250,938	1,113,190
Instructional leadership	1,886,838	-	-	-	1,886,838
School leadership	4,708,511	-	-	-	4,708,511
Guidance, counseling and evaluation services	3,891,910	-	-	828,129	4,720,039
Social work services	158,614	-	-	-	158,614
Health services	957,369	-	-	-	957,369
Student transportation	4,296,183	-	-	34,453	4,330,636
Food services	75,208	-	-	4,112,786	4,187,994
Extracurricular activities	2,003,192	-	-	632,471	2,635,663
General administration	3,731,545	-	-	-	3,731,545
Facilities maintenance and operations	10,966,100	-	-	332,839	11,298,939
Security and monitoring services	729,160	-	-	130,212	859,372
Data processing services	2,744,249	-	-	-	2,744,249
Community services	268,907	-	-	44,615	313,522
Debt service:					
Principal on long-term debt	-	31,085,000	-	-	31,085,000
Interest on long-term debt	-	14,775,228	-	-	14,775,228
Other debt service expenditures	-	1,151,229	-	-	1,151,229
Facilities acquisition and construction	23,160	-	19,854,429	-	19,877,589
Intergovernmental:					
Contracted instructional services between schools	45,815,978	-	-	-	45,815,978
Incremental costs related to recapture	262,808	-	-	-	262,808
Payments related to shared services arrangements	44,008	-	-	-	44,008
Other intergovernmental charges	444,089	-	-	-	444,089
Total expenditures	<u>136,872,789</u>	<u>47,011,457</u>	<u>19,854,429</u>	<u>11,375,933</u>	<u>215,114,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,792,917</u>	<u>(618,565)</u>	<u>(19,509,464)</u>	<u>(316,726)</u>	<u>(17,651,838)</u>
Other Financing Sources (Uses)					
Issuance of refunding bonds	-	64,450,000	-	-	64,450,000
Premium on sale of bonds	-	7,379,017	-	-	7,379,017
Payment to refunded bond escrow agent	-	(71,284,059)	-	-	(71,284,059)
Proceeds from sale of property	221,828	-	-	-	221,828
Insurance recovery	222,621	-	-	-	222,621
Total other financing sources, net	<u>444,449</u>	<u>544,958</u>	<u>-</u>	<u>-</u>	<u>989,407</u>
Net change in fund balances	3,237,366	(73,607)	(19,509,464)	(316,726)	(16,662,431)
Fund balances, beginning	44,264,472	7,099,415	60,233,425	2,794,378	114,391,690
Fund balances, ending	<u>\$ 47,501,838</u>	<u>7,025,808</u>	<u>40,723,961</u>	<u>2,477,652</u>	<u>97,729,259</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended August 31, 2021

Net change in fund balances - total governmental funds	\$ (16,662,431)
Amounts reported for <i>governmental activities</i> 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.	
Capital outlay	11,489,756
Depreciation expense	(12,381,951)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred tax revenue	(333,039)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bond proceeds, including premiums	(71,829,017)
Payment to refunding bond escrow agent	71,284,059
Repayment of bond principal	31,085,000
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.	
Change in bond interest payable	102,607
Change in bond accretion payable	(28,542)
Amortization of deferred charges on bond refundings	(1,160,003)
Amortization of bond premiums	11,319,704
Change in compensated absences	(105,279)
Pension contributions made during the measurement year	1,760,452
Change in pension contributions made after the measurement date	180,765
Proportionate share of collective pension expense	(983,731)
Adjustment for ending deferred inflows and outflows related to net pension liability	(2,896,549)
OPEB contributions made during the measurement year	499,974
Change in OPEB contributions made after the measurement date	29,438
Proportionate share of collective OPEB expense	4,495,655
Adjustment for ending deferred inflows and outflows related to net OPEB liability	(4,869,966)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	
	(684,546)
Change in net position of governmental activities	\$ 20,312,356

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended August 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ 129,960,518	130,433,518	130,689,432	255,914
State program revenues	7,263,256	8,999,256	8,528,957	(470,299)
Federal program revenues	625,000	425,000	447,317	22,317
Total revenues	137,848,774	139,857,774	139,665,706	(192,068)
Expenditures				
Current:				
Instruction	56,485,802	53,885,802	52,021,117	1,864,685
Instructional resources and media services	924,778	974,778	981,591	(6,813)
Curriculum and staff development	1,051,788	1,051,788	862,252	189,536
Instructional leadership	1,763,501	1,813,501	1,886,838	(73,337)
School leadership	4,569,643	4,569,643	4,708,511	(138,868)
Guidance, counseling and evaluation services	3,874,148	3,774,148	3,891,910	(117,762)
Social work services	137,736	157,736	158,614	(878)
Health services	906,628	926,628	957,369	(30,741)
Student transportation	5,004,811	4,604,811	4,296,183	308,628
Food services	90,000	90,000	75,208	14,792
Extracurricular activities	2,448,937	2,189,937	2,003,192	186,745
General administration	3,470,297	3,670,297	3,731,545	(61,248)
Facilities maintenance and operations	10,818,050	10,418,050	10,966,100	(548,050)
Security and monitoring services	685,782	735,782	729,160	6,622
Data processing services	2,903,266	2,803,266	2,744,249	59,017
Community services	418,560	418,560	268,907	149,653
Facilities acquisition and construction	30,000	30,000	23,160	6,840
Intergovernmental:				
Contracted instructional services between schools	43,135,047	46,813,047	45,815,978	997,069
Incremental costs related to recapture	300,000	300,000	262,808	37,192
Payments related to shared services arrangements	45,000	45,000	44,008	992
Payments related to juvenile justice alternative education programs	15,000	15,000	-	15,000
Other intergovernmental charges	570,000	570,000	444,089	125,911
Total expenditures	139,648,774	139,857,774	136,872,789	2,984,985
Excess (deficiency) of revenues over (under) expenditures	(1,800,000)	-	2,792,917	2,792,917
Other Financing Sources				
Proceeds from sale of property	-	-	221,828	221,828
Insurance recovery	-	-	222,621	222,621
Total other financing sources	-	-	444,449	444,449
Fund balance, beginning	44,264,472	44,264,472	44,264,472	-
Fund balance, ending	\$ 42,464,472	44,264,472	47,501,838	3,237,366

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statements of Net Position
Proprietary Funds
August 31, 2021

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,836,048	\$ 1,553,564	\$ 3,389,612
Temporary investments	-	113,714	113,714
Due from other funds	-	1,728,797	1,728,797
Total current assets	<u>1,836,048</u>	<u>3,396,075</u>	<u>5,232,123</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	449,008	-	449,008
Accumulated depreciation	<u>(179,601)</u>	<u>-</u>	<u>(179,601)</u>
Total noncurrent assets	<u>269,407</u>	<u>-</u>	<u>269,407</u>
Total assets	<u>2,105,455</u>	<u>3,396,075</u>	<u>5,501,530</u>
Liabilities			
Current liabilities:			
Accounts payable	3,717	1,073,770	1,077,487
Accrued wages payable	<u>62,042</u>	<u>-</u>	<u>62,042</u>
Total liabilities	<u>65,759</u>	<u>1,073,770</u>	<u>1,139,529</u>
Net Position			
Net investment in capital assets	269,407	-	269,407
Unrestricted	<u>1,770,289</u>	<u>2,322,305</u>	<u>4,092,594</u>
Total net position	<u>\$ 2,039,696</u>	<u>\$ 2,322,305</u>	<u>\$ 4,362,001</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended August 31, 2021

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Operating revenues-			
Charges for services	\$ 2,012,816	\$ 13,859,396	\$ 15,872,212
Operating expenses:			
Payroll costs	1,952,054	-	1,952,054
Professional and contracted services	146,340	214,576	360,916
Supplies and materials	93,835	-	93,835
Extracurricular activities	18,413	-	18,413
Claims	-	14,277,773	14,277,773
Other operating	90,701	74,693	165,394
Depreciation	22,450	-	22,450
Total operating expenses	2,323,793	14,567,042	16,890,835
Operating loss	(310,977)	(707,646)	(1,018,623)
Nonoperating revenue-			
Investment and interest income	-	23,100	23,100
Change in net position	(310,977)	(684,546)	(995,523)
Total net position, beginning	2,350,673	3,006,851	5,357,524
Total net position, ending	\$ 2,039,696	\$ 2,322,305	\$ 4,362,001

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statements of Cash Flows
Proprietary Funds
Year Ended August 31, 2021

	Business-type Activities- Nonmajor Enterprise Funds	Governmental Activities- Nonmajor Internal Service Funds	Total Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from interfund services provided	\$ 2,012,816	\$ -	\$ 2,012,816
Receipts from contributors	-	13,029,023	13,029,023
Payments to employees	(1,890,012)	-	(1,890,012)
Payments to suppliers	(345,962)	(1,187,693)	(1,533,655)
Claims paid	-	(13,917,298)	(13,917,298)
Net cash used in operating activities	<u>(223,158)</u>	<u>(2,075,968)</u>	<u>(2,299,126)</u>
Cash Flows from Investing Activities:			
Purchase of investments	-	(68)	(68)
Interest received	-	23,100	23,100
Net cash provided by investing activities	<u>-</u>	<u>23,032</u>	<u>23,032</u>
Net decrease in cash and cash equivalents	(223,158)	(2,052,936)	(2,276,094)
Cash and cash equivalents, beginning of the year	2,059,206	3,606,500	5,665,706
Cash and cash equivalents, end of the year	<u>\$ 1,836,048</u>	<u>\$ 1,553,564</u>	<u>\$ 3,389,612</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (310,977)	\$ (707,646)	\$ (1,018,623)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	22,450	-	22,450
Increase in accrued expenses	-	360,475	360,475
Decrease in unearned revenue	-	(830,373)	(830,373)
Increase in accounts payable	3,327	-	3,327
Increase in accrued wages payable	62,042	-	62,042
Increase in due from other funds	-	(898,424)	(898,424)
Net cash used in operating activities	<u>\$ (223,158)</u>	<u>\$ (2,075,968)</u>	<u>\$ (2,299,126)</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statement of Fiduciary Net Position
Custodial Funds
August 31, 2021

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 212,756
Total assets	<u>\$ 212,756</u>
Liabilities	
Due to student groups	\$ 212,756
Total liabilities	<u>\$ 212,756</u>

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
August 31, 2021

	Custodial Funds
Additions-	
Tuition and fees	\$ 125,452
Total additions	125,452
Deductions-	
Supplies and materials	\$ 125,452
Total deductions	125,452
Net change in fiduciary net position	-
Total net position - beginning	-
Total net position - ending	\$ -

The notes to the financial statements are an integral part of this statement.

Lake Travis Independent School District

Notes to Basic Financial Statements Year Ended August 31, 2021

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

This report includes those activities, organizations and functions which are related to the Lake Travis Independent School District (the “District”) and which are controlled by or dependent upon the District’s governing body, the Board of School Trustees (the “Board”). The Board, a seven member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District substantially comply with the rules prescribed by the Texas Education Agency’s Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

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 District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Major revenue sources considered susceptible to accrual include state and federal program revenues and interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Capital Projects Fund includes the proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

The Enterprise Funds are proprietary funds used to account for the operations of the District's community education programs and the operations of and advertising revenues generated from the District's video display board.

The Internal Service Funds are proprietary funds used to account for the District's workers compensation self-insurance fund, self-funded health insurance fund, and employee health savings account fund.

The Fiduciary Fund is an unbudgeted fund and is used to account for activities of student groups. This fund does not include revenues and expenditures for general operations of the District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Budgetary Information

Budgets are prepared annually for the General Fund, the Debt Service Fund, and the Food and Nutrition Services Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year. The instructional resources and media services, instructional leadership, school leadership, guidance, counseling and evaluation services, social work services, health services, general administration, and facilities maintenance and operations functions in the General Fund exceeded budgeted amounts by \$6,813, \$73,337, \$138,868, \$117,762, \$878, \$30,741, \$61,248 and \$548,050, respectively, for the year ended August 31, 2021. The debt service function in the Debt Service Fund exceeded budgeted amounts by \$601,457 for the year ended August 31, 2021. The food services function in the Food and Nutrition Services Fund exceeded budgeted amounts by \$382,786 for the year ended August 31, 2021.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - Temporary investments throughout the year consisted of investments in external local government investment pools and money markets, which are recognized at amortized cost and fair value, respectfully. External local government investment pools are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Inventories - Inventories in the General Fund consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply and furniture and equipment inventory are recorded at cost (FIFO method) and are offset by a fund balance reserves which indicate that they do not represent "available expendable resources." Inventories in the Food and Nutrition Services Fund consist of commodities, purchased food and supplies. Purchased food and supplies are recorded at cost (FIFO method) and charged to expense when consumed. The commodity portion of inventory is valued at estimated market values supplied by the Texas Department of Human Services.

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost, if purchased, or at acquisition value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to forty years, furniture and equipment - three to twenty years, vehicles - seven to ten years.

Ad Valorem Property Taxes - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated Sick Leave Liability - The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

The District's liability for accrued compensated absences as of August 31, 2021 was \$565,513 and is included in the government-wide financial statements. A liability is reported as an expenditure in governmental funds only if they matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund.

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

Other Post-Employment Benefits - The fiduciary net position of the 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 other post-employment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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 and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 7, 12 and 13 for additional information on deferred inflows and outflows of resources.

Fund Balance - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 11 for additional information on those fund balance classifications.

Statement of Cash Flows - For purposes of the statement of cash flows of the Proprietary Funds, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

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

Change in Accounting Principle for Recently Adopted Accounting Pronouncement

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the standard is to improve accounting and financial reporting for fiduciary activities by establishing criteria for identifying fiduciary activities, requiring that all fiduciary funds present a statement of fiduciary net position and a statement of changes in fiduciary net position, except for business-types activities that normally expect to hold custodial assets for three months or less, and providing descriptions of the four types of fiduciary funds that should be reported, if applicable. The standard also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The District adopted this standard on September 1, 2020 and there was no change to fiduciary net position as of September 1, 2020 as a result of applying the new guidance.

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, 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 deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended August 31, 2022.

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective for fiscal years beginning after June 15, 2022. The objective of GASB Statement No. 96 is to improve accounting and financial reporting by establishing a definition for a subscription-based information technology arrangement (“SBITA”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 96 will require a government to report a right-to-use subscription asset as an intangible asset and a corresponding subscription liability for a SBITA, and also require certain disclosures about the SBITA. GASB Statement No. 96 also provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. Management is evaluating the effects that the full implementation of GASB Statement No. 96 will have on its financial statements for the year ended August 31, 2023.

2. Deposits and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District’s investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District’s investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending program
- Banker’s acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

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 deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk. Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2021, the carrying amount of the District's deposits was \$27,469,850 and the bank balance was \$29,176,685. The District's deposits with financial institutions at August 31, 2021 and during the year ended August 31, 2021 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District.

Funds were properly secured at all times throughout the year and the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Prosperity Bank and Chase Bank
- b) Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$90,142,053.
- c) Largest cash, savings and time deposit combined account balance amounted to \$83,510,797 and occurred during the month of June 2021.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$500,000.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

Investments held at August 31, 2021 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pool:			
TexPool	\$ 20,521,234	1	AAAm
MBIA Texas CLASS	25,399,408	1	AAAm
	<u>45,920,642</u>		
Prosperity Bank-			
Money market accounts	38,910,349	1	N/A
	<u>\$ 84,830,991</u>		

The District had investments in two external local governmental investment pools at August 31, 2021, consisting of the Texas Local Governmental Investment Pool (“TexPool”) and MBIA Texas CLASS (“MBIA”).

Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7-of the Investment Company Act of 1940. MBIA is registered with the SEC. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool’s investment policy, which is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

MBIA is administered by MBIA-Municipal Investors Service Corporation (“MISC”) and Wells Fargo Bank Texas. MISC is a subsidiary of MBIA Asset Management Group, one of the nation’s largest providers of administrative and portfolio management services for local government investment pools. MBIA is supervised by a Board of Trustees who are elected by participants. The responsibility of the Board of Trustees includes the ability to influence operations, designation of management and accountability for fiscal matters. In addition, MBIA has an Advisory Board which provides input and feedback on the operations and direction of the program. Standard and Poor’s reviews the pool on a weekly basis to ensure the pool’s compliance with its rating requirements. MBIA’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Money markets are valued using Level 1 inputs that are based on market data obtained from independent sources. The investments are reported by the District at fair value in accordance with GASB Statement No. 72.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2021, investments were included in external local government investment pools and money market accounts with ratings from Standard & Poor’s in compliance with the District’s investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At August 31, 2021, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2021, the District had 100% of its investments in money market accounts and external local government investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2021, investments were included in external local government investment pools and money market accounts which have a weighted average maturity of one day.

3. Property Taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the Board sets the tax rates on property and the Travis County Tax Office provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2020, upon which the October 2020 levy was based was \$13,423,952,554. The District levied taxes based on a combined tax rate of \$1.3239 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

The 86th session of the Texas Legislature convened in January 2019, with school finance reform as a critical priority. House Bill 3 (HB 3), passed by the 86th Texas Legislature, was one of the most transformative Texas education bills in recent history infusing more than \$11 billion into the public school system. HB 3 provided more money for Texas classrooms through an increase in the basic allotment for each student from \$5,140 to \$6,160, increased teacher compensation, funds free full-day Pre-K for eligible 4-year-olds, reduced the amount of money wealthy districts must spend to subsidize poor districts through the state's recapture program, and cut local property taxes for Texas taxpayers. In summary, the bill focused on four major policy areas: teacher support, improving student outcomes, increasing funding, and reduction and reform of property taxes and recapture.

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (FSB). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (WADA) basis. Under HB 3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB 3 modifies local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (ASF) distribution and local fund assignment.

During the year ended August 31, 2021, the District's recapture liability was \$45,815,978 and this amount was incorporated into the District's budget. Under HB 3, districts now have the option of making one lump-sum payment in August after the fiscal year ends. The payment option to submit seven equal payments from February through August remains unchanged. The District opted to make one lump-sum payment in August.

4. Due from/to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported in the basic financial statements as Due from/to Other Governments and are summarized below as of August 31, 2021.

	General Fund	Nonmajor Governmental Funds	Total
Federal and state grants	\$ 994,953	452,233	1,447,186
Total due from other governments	<u>\$ 994,953</u>	<u>452,233</u>	<u>1,447,186</u>
Other	\$ 3,536	-	3,536
Total due to other governments	<u>\$ 3,536</u>	<u>-</u>	<u>3,536</u>

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances as of August 31, 2021 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 252,389
Internal Service Fund	General Fund	<u>1,728,797</u>
Total		<u>\$ 1,981,186</u>

6. Capital Assets

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

	Beginning Balance	Increases	Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 28,417,557	-	-	-	28,417,557
Construction in progress	142,423,809	10,145,362	-	(1,674,259)	150,894,912
Total capital assets, not being depreciated	170,841,366	10,145,362	-	(1,674,259)	179,312,469
Capital assets, being depreciated:					
Buildings and improvements	349,868,064	-	-	1,674,259	351,542,323
Furniture and equipment	19,521,033	945,113	-	-	20,466,146
Vehicles	14,435,978	399,281	-	-	14,835,259
Total capital assets being depreciated	383,825,075	1,344,394	-	1,674,259	386,843,728
Less accumulated depreciation for:					
Buildings and improvements	(107,713,998)	(9,882,527)	-	-	(117,596,525)
Furniture and equipment	(14,146,172)	(1,313,634)	-	-	(15,459,806)
Vehicles	(6,480,028)	(1,185,790)	-	-	(7,665,818)
Total accumulated depreciation	(128,340,198)	(12,381,951)	-	-	(140,722,149)
Total capital assets, being depreciated, net	255,484,877	(11,037,557)	-	1,674,259	246,121,579
Governmental activities capital assets, net	426,326,243	(892,195)	-	-	425,434,048
Business-type activities:					
Buildings and improvements	\$ 449,008	-	-	-	449,008
Accumulated depreciation	(157,151)	(22,450)	-	-	(179,601)
Business-type activities capital assets, net	\$ 291,857	(22,450)	-	-	269,407

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

Governmental activities:

Instruction	\$ 6,432,536
Instructional resources and media services	67,934
Instructional leadership	18,558
School leadership	326,123
Guidance, counseling, and evaluation services	150,833
Health services	46,147
Student transportation	1,180,796
Food services	293,742
Extracurricular activities	796,587
General administration	40,205
Facilities maintenance and operations	2,113,116
Data processing services	875,858
Community services	39,516
	<u> </u>
Total depreciation expense - governmental activities	<u>\$ 12,381,951</u>

Business-type activities-

Video display board	<u>\$ 22,450</u>
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7. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended August 31, 2021:

Deferred charges on bond refundings - August 31, 2020	\$ 11,546,148
Additions to refundings	6,829,059
Retirements from refundings	<u>(1,160,003)</u>
Deferred charges on bond refundings - August 31, 2021	<u>\$ 17,215,204</u>

8. Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds	\$ 381,825,000	64,450,000	(95,540,000)	350,735,000
Premiums on bonds	42,619,926	6,712,313	(11,319,704)	38,012,535
Accretion payable	-	695,246	-	695,246
Compensated absences	460,234	105,279	-	565,513
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 424,905,160</u>	<u>71,962,838</u>	<u>(106,859,704)</u>	<u>390,008,294</u>

Bonded debt consisted of the following at August 31, 2021:

General Obligation Bonds Series	Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at 8-31-21	Due Within One Year
2012	08-15-12	\$ 143,120,000	2042	3-5%	\$ 13,325,000	3,400,000
2013	02-28-13	104,600,000	2023	1.5-5%	8,665,000	4,975,000
2017	12-21-17	82,905,000	2040	1.5-5%	81,040,000	-
2018A	04-03-18	108,735,000	2048	3-5%	82,155,000	1,890,000
2018B	04-05-18	34,870,000	2048	2.65-7%	17,940,000	-
2019	02-20-19	92,705,000	2046	3.75-5%	84,385,000	1,815,000
2020	10-28-20	64,450,000	2036	1.65-5%	63,225,000	160,000
		<u>\$ 631,385,000</u>			<u>\$ 350,735,000</u>	<u>\$ 12,240,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District currently has a debt service tax rate of \$0.3475.

On October 28, 2020, the District issued \$64,450,000 of Unlimited Tax Refunding Bonds to advance refund \$64,455,000 of previously issued District bonds in order to lower its overall debt service requirements. The net proceeds of \$71,284,059 (after payment of \$544,958 in underwriting fees, insurance, and other issuance costs) was deposited with an escrow agent to provide the debt service payment on the portion of bonds advance refunded. As a result, \$64,455,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$6,829,059. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunded debt which has the same life of the new debt issued. The advance refunding reduced debt service payments by \$10,339,279 and resulted in an economic gain of \$9,010,487.

In February 2021, the District made early payments of \$7,594,876 on its Series 2018B bonds prior to its scheduled maturity date. This included \$7,405,000 and \$189,876 of principal and accrued interest, respectively. The Series 2018B bonds paid had maturity dates of February 2038 through 2048. These early payments resulted in overall debt service savings to the District of \$5,896,690.

In the current and prior year, the District defeased certain outstanding general obligation bonds by placing advance payments made by the District in irrevocable trusts to provide for all the future debt service payments on the bonds redeemed early by the District. Accordingly, the trust account assets and the defeased bonds are not included in the District's financial statements. At August 31, 2021, outstanding bonds of \$81,385,000 are considered defeased.

The annual principal installments for each of the outstanding issues vary each year. As of August 31, 2021, the debt service requirements to maturity for general obligation bonds are as follows:

Year Ended August 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 12,240,000	14,428,880	26,668,880
2023	9,080,000	14,323,092	23,403,092
2024	8,710,000	14,792,918	23,502,918
2025	9,935,000	13,646,592	23,581,592
2026	12,760,000	13,079,217	25,839,217
2027-2031	73,270,000	55,274,378	128,544,378
2032-2036	89,075,000	39,173,221	128,248,221
2037-2041	69,650,000	23,245,928	92,895,928
2042-2046	53,060,000	9,434,901	62,494,901
2047-2048	12,955,000	657,850	13,612,850
Total	<u>\$ 350,735,000</u>	<u>198,056,977</u>	<u>548,791,977</u>

The Series 2018B Bonds are variable interest bonds and will bear interest at a per annum rate of 2.65% through February 14, 2022. Thereafter, the bonds will bear interest at a rate or rates determined by the remarketing agent as provided in the bond order.

The outstanding Series 2020 Bonds include Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

At August 31, 2021, the District had no general obligation bonds authorized by voters of the District that had not been issued.

9. Unearned Revenue

At August 31, 2021, unearned revenue in the governmental funds consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Prepayments for student meals	\$ -	290,673	290,673
State entitlements	311,995	-	311,995
Other	1,917	28,280	30,197
Total	<u>\$ 313,912</u>	<u>318,953</u>	<u>632,865</u>

10. Revenues from Local and Intermediate Sources

For the year ended August 31, 2021, revenues from local and intermediate sources in the governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$128,575,531	45,751,919	-	-	174,327,450
Investment earnings	761,405	250,724	170,731	11,067	1,193,927
Penalties, interest, and other tax related income	709,853	250,819	-	-	960,672
Tuition and fees from patrons	108,450	-	-	962,367	1,070,817
Food service	-	-	-	2,921,916	2,921,916
Co-curricular student activities	157,210	-	-	-	157,210
Rent	247,560	-	-	-	247,560
Gifts and donations	-	-	-	978,035	978,035
Other	129,423	-	-	-	129,423
Total	<u>\$130,689,432</u>	<u>46,253,462</u>	<u>170,731</u>	<u>4,873,385</u>	<u>181,987,010</u>

11. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page 17.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent or the Assistant Superintendent for Business, Financial and Auxiliary Services to assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

12. Defined Benefit Pension Plans

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 TRS and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/aboutpublications.aspx>; 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, in which 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 cost-of-living adjustments ("COLAs"). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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

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

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 TRS during the fiscal year.

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

	<u>2020</u>	<u>2021</u>
Contribution Rates:		
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
FY 2021 District Contributions		\$ 1,942,396
FY 2021 Member Contributions		\$ 5,021,420
FY 2021 NECE On-behalf Contributions		\$ 2,556,823

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member’s salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of TRS, 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 determined using the following actuarial assumptions:

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

The actuarial methods and assumptions 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% was used to measure the pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 sessions. It is assumed that the future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% 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%. 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 TRS' target asset allocation as of August 31, 2020 are summarized below.

Asset Class	FY2020 Target Allocation (1)	Long-Term Expected Geometric Real Rate of Return (2)	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70%)	(0.05%)
Absolute Return (including Credit Sensitive Investments)	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	(1.50%)	(0.03%)
Asset Allocation Leverage	(6.00%)	(1.30%)	0.08%
Inflation Expectation			2.00%
Volatility Drag (3)			(0.67%)
Expected Return	<u>100.00%</u>	<u></u>	<u>7.33%</u>

(1) Target allocations are based on the FY2020 policy model.

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

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

Discount Rate Sensitivity Analysis

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

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
District's proportionate share of the net pension liability	\$ 35,236,718	\$ 22,851,574	\$ 12,788,916

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

At August 31, 2021, the District reported a liability of \$22,851,574 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	\$ 22,851,574
State's proportionate share that is associated with the District	<u>47,844,349</u>
Total	<u>\$ 70,695,923</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 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.04267% which was a decrease of 0.00278% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

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

For the year ended August 31, 2021, the District recognized pension expense of \$3,881,459 and revenue of \$5,754,613 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 41,725	\$ 637,727
Changes in actuarial assumptions	5,302,378	2,254,534
Difference between projected and actual investment earnings	462,610	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	1,696,834	1,021,183
Contributions paid to TRS subsequent to the measurement date	1,942,396	-
Total	\$ 9,445,943	\$ 3,913,444

The \$1,942,396 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. 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:

	Pension Expense Amount
Year ended August 31:	
2022	1,172,820
2023	1,268,115
2024	1,182,152
2025	382,265
2026	(352,676)
Thereafter	(62,573)

13. Defined Other Post-Employment Benefit Plans

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (“TRS-Care”). It is a multiple-employer, cost-sharing OPEB plan that has 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

Detailed information about TRS-Care's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about publications.aspx](https://www.trs.texas.gov/Pages/about%20publications.aspx); 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 and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

	<u>Medicare</u>	<u>Non- Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2020</u>	<u>2021</u>
Contribution Rates:		
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%
FY 2021 District Contributions		\$ 529,390
FY 2021 Member Contributions		\$ 423,875
FY 2021 NECE On-behalf Contributions		\$ 426,137

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 total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions:

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.25% 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

Assumption changes include a discount rate change from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, participation rates were updated, and trend rates were updated as a result of Congress' repeal of the excise tax on high-cost plans in December 2019.

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2020.

See Note 12 for the best estimate of geometric real rates of return for each major asset class included in the TRS target asset allocation as of August 31, 2020.

Sensitivity Analysis

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

	<u>1% Decrease in Discount Rate (1.33%)</u>	<u>Discount Rate (2.33%)</u>	<u>1% Increase in Discount Rate (3.33%)</u>
District's proportionate share of the net OPEB liability	\$ 30,004,623	\$ 25,003,900	\$ 21,054,047

Healthcare Cost Trend Rates - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rates used were 1% lower than and 1% higher than the assumed healthcare cost trend rate is used in measuring the Net OPEB Liability.

	<u>1% Decrease in Healthcare Cost Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Cost Trend Rate</u>
District's proportionate share of the net OPEB liability	\$ 20,424,983	\$ 25,003,900	\$ 31,102,370

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

At August 31, 2021, the District reported a liability of \$25,003,900 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	\$ 25,003,900
State's proportionate share that is associated with the District	<u>33,599,248</u>
Total	<u>\$ 58,603,148</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 the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.06577% which was an increase of 0.00233% 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% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50% to 40%. This change decreased the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. These changes decreased the Total OPEB Liability.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$374,330 and revenue of (\$233,300) for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,309,194	\$ 11,443,063
Changes in actuarial assumptions	1,542,221	6,866,200
Difference between projected and actual investment earnings	8,126	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,960,668	-
Contributions paid to TRS subsequent to the measurement date	<u>529,390</u>	<u>-</u>
Total	<u>\$ 8,349,599</u>	<u>\$ 18,309,263</u>

The \$529,390 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2022. 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:

	<u>OPEB Expense Amount</u>
Year ended August 31:	
2022	(1,849,122)
2023	(1,850,208)
2024	(1,850,830)
2025	(1,850,659)
2026	(1,182,798)
Thereafter	(1,905,437)

14. On-Behalf Payments

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal governments to TRS on behalf of the District. For the year ended August 31, 2021, reimbursements of \$291,670 were received by TRS and allocated to the District.

15. Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$500 per month per employee to the Plan, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents.

In fiscal year 2016, the District started a self-funded health insurance plan administered by Blue Cross Blue Shield. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$175,000 per claim. The claim liability below is an estimate of potential loss exposure on health insurance claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

<u>Year Ended August 31,</u>	<u>Beginning Liability</u>	<u>Estimated Current Year Claims</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2019	\$ 687,706	10,055,931	(10,310,002)	433,635
2020	\$ 433,635	12,380,343	(12,287,212)	526,766
2021	\$ 526,766	13,501,356	(13,131,752)	896,370

16. Risk Management

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, and other miscellaneous bonds. During the year ended August 31, 2021, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

17. Self-Insurance Fund

The District has a partially self-insured workers' compensation plan administered by Texas Public School's Workers Compensation Project ("SchoolComp") which is an insurance pool. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$75,000 per claim. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2019	\$ 230,237	51,686	(81,317)	200,606
2020	\$ 200,606	40,772	(56,923)	184,455
2021	\$ 184,455	78,392	(85,447)	177,400

18. Commitments and Contingencies

The District participates in a number of federal financial assistance programs. Although the District grant programs have been audited in accordance with the provisions of the Uniform Guidance for the year ended August 31, 2021, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In February 2020, the District entered into an interlocal agreement with Travis County to share the costs of design and construction of the Vail Divide Southern Extension Project (the "Project"). The District will be responsible for the management and development of the Project and Travis County will provide oversight to ensure the Project is constructed in accordance with Travis County guidelines. The estimated total cost of the Project is \$10,000,000 and will be funded through contributions from the District and Travis County at a 25%/75% split. During the year ended August 31, 2020, the District received \$7,500,000 from Travis County for its 75% share of the estimated costs of the Project. Once the Project is completed and accepted by Travis County the constructed roadway will be owned, operated, and maintained by Travis County. Upon completion of the Project, and unused funds provided by Travis County will be returned within 60 days.

At August 31, 2021, the District is also committed under construction contracts with a remaining balance of \$1,791,092.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

**Required
Supplementary Information**

Lake Travis Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
8/31/2021**

	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*
District's proportion of the net pension liability	0.04267%	0.04545%	0.04258%	0.04154%	0.04108%	0.04251%	0.02488%	0.02490%
District's proportionate share of the net pension liability	\$ 22,851,574	\$ 23,628,295	\$ 23,438,267	\$ 13,282,490	\$ 15,524,204	\$ 15,027,849	\$ 6,646,594	\$ 8,161,471
State's proportionate share of the net pension liability associated with the District	47,844,349	42,672,220	44,939,821	26,164,741	30,795,688	29,615,675	24,848,135	30,502,132
Total	\$ 70,695,923	\$ 66,300,515	\$ 68,378,088	\$ 39,447,231	\$ 46,319,892	\$ 44,643,524	\$ 31,494,729	\$ 38,663,603
District's covered-employee payroll (for Measurement Year)	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.82%	41.68%	44.46%	26.46%	32.39%	32.45%	15.27%	19.61%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	78.17%
Plan's net pension liability as a percentage of covered employee payroll	110.36%	114.93%	126.11%	75.93%	92.75%	91.94%	72.90%	93.10%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2013.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2013.

Lake Travis Independent School District
Schedule of District Contributions - Pensions
Teacher Retirement System of Texas
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 1,942,396	\$ 1,761,631	\$ 1,574,129	\$ 1,434,482	\$ 1,361,463
Contributions in relation to the contractual required contributions	<u>(1,942,396)</u>	<u>(1,761,631)</u>	<u>(1,574,129)</u>	<u>(1,434,482)</u>	<u>(1,361,463)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 65,213,246	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725
Contributions as a percentage of covered payroll	2.98%	2.84%	2.78%	2.72%	2.71%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 1,299,389	\$ 1,258,836	\$ 630,852	\$ 553,164	\$ 443,325
Contributions in relation to the contractual required contributions	<u>(1,299,389)</u>	<u>(1,258,836)</u>	<u>(630,852)</u>	<u>(553,164)</u>	<u>(443,325)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406	\$ 39,514,453
Contributions as a percentage of covered payroll	2.71%	2.72%	1.45%	1.33%	1.12%

Lake Travis Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System of Texas
8/31/2021**

	2020*	2019*	2018*	2017*
District's proportion of the net OPEB liability	0.06577%	0.06344%	0.05986%	0.05520%
District's proportionate share of the net OPEB liability	\$ 25,003,900	\$ 29,999,529	\$ 29,887,166	\$ 24,002,534
State's proportionate share of the net OPEB liability associated with the District	33,599,248	39,862,662	46,673,009	40,861,087
Total	<u>\$ 58,603,148</u>	<u>\$ 69,862,191</u>	<u>\$ 76,560,175</u>	<u>\$ 64,863,621</u>
District's covered-employee payroll (for Measurement Year)	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	40.29%	52.92%	56.69%	47.81%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered employee payroll	101.46%	135.21%	146.64%	132.55%

* The amounts presented for each Plan year are as of August 31, plan information was unavailable prior to 2017.

** Schedule should provide ten years of Plan information, but data was unavailable prior to 2017.

Lake Travis Independent School District
Schedule of District Contributions - OPEB
Teacher Retirement System of Texas
Last 10 Fiscal Years

	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Contractually required contributions	\$ 529,390	\$ 499,952	\$ 441,279	\$ 412,926	\$ 286,963
Contributions in relation to the contractual required contributions	<u>(529,390)</u>	<u>(499,952)</u>	<u>(441,279)</u>	<u>(412,926)</u>	<u>(286,963)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 65,213,246	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725
Contributions as a percentage of covered payroll	0.81%	0.81%	0.78%	0.78%	0.57%
	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>
Contractually required contributions	\$ 263,491	\$ 254,712	\$ 239,412	\$ 228,928	\$ 217,327
Contributions in relation to the contractual required contributions	<u>(263,491)</u>	<u>(254,712)</u>	<u>(239,412)</u>	<u>(228,928)</u>	<u>(217,327)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406	\$ 39,514,453
Contributions as a percentage of covered payroll	0.55%	0.55%	0.55%	0.55%	0.55%

* The amounts presented for each Plan year are as of August 31

Lake Travis Independent School District

Note to Required Supplementary Information Year Ended August 31, 2021

1. Change in Assumptions

Pensions

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

OPEB

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

**Combining and Individual Fund
Statements and Schedules**

Lake Travis Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Governmental Funds
August 31, 2021

	211	224	225	226	240	244	255
	Title I Grants to Local Education Agencies	Special Education - Grants to States (Formula)	Special Education - Preschool Grants	Special Education - Grants to States (High Cost)	Food and Nutrition Services	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants
Assets							
Cash and cash equivalents	\$ -	-	-	-	646,878	-	-
Due from other governments	-	128,684	1,391	-	110,197	34,613	72,733
Other receivables	-	-	-	-	4,378	-	-
Inventory	-	-	-	-	293,160	-	-
Total assets	<u>\$ -</u>	<u>128,684</u>	<u>1,391</u>	<u>-</u>	<u>1,054,613</u>	<u>34,613</u>	<u>72,733</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	-	-	-	114,449	-	-
Accrued wages payable	-	98,870	-	-	110,797	-	-
Due to other funds	-	29,814	1,391	-	9,223	34,613	72,733
Unearned revenue	-	-	-	-	290,673	-	-
Total liabilities	<u>-</u>	<u>128,684</u>	<u>1,391</u>	<u>-</u>	<u>525,142</u>	<u>34,613</u>	<u>72,733</u>
Fund balances:							
Restricted	-	-	-	-	529,471	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,471</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>128,684</u>	<u>1,391</u>	<u>-</u>	<u>1,054,613</u>	<u>34,613</u>	<u>72,733</u>

(Continued)

Lake Travis Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Governmental Funds (Continued)
August 31, 2021

	263	266	277	281	289	289	410	428	429
	English Language Acquisition State Grants	Education Stabilization Fund ESSER I	Coronavirus Relief Fund	Education Stabilization Fund ESSER II	Grants for State Assessments and Related Activities	Student Support and Academic Enrichment Program	State Instructional Materials	Special Ed Fiscal Support	Other State
Assets									
Cash and cash equivalents	\$ -	-	-	-	-	-	30,905	-	-
Due from other governments	35,209	-	-	-	-	30,455	-	-	38,951
Other receivables	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 35,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,455</u>	<u>30,905</u>	<u>-</u>	<u>38,951</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	-	-	-	-	-	2,625	-	-
Accrued wages payable	-	-	-	-	-	-	-	-	-
Due to other funds	35,209	-	-	-	-	30,455	-	-	38,951
Unearned revenue	-	-	-	-	-	-	28,280	-	-
Total liabilities	<u>35,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,455</u>	<u>30,905</u>	<u>-</u>	<u>38,951</u>
Fund balances:									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 35,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,455</u>	<u>30,905</u>	<u>-</u>	<u>38,951</u>

(Continued)

Lake Travis Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Governmental Funds (Continued)
August 31, 2021

	461	481	486	488	489	490/491/492	498/499	Total
	Campus Activity Funds	AP Testing	Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants	Lake Travis Ed. Foundation Mini Grants	Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 905,307	238,149	214,535	56,261	397,967	347,847	11,796	2,849,645
Due from other governments	-	-	-	-	-	-	-	452,233
Other receivables	-	-	-	-	-	-	-	4,378
Inventory	-	-	-	-	-	-	-	293,160
Total assets	<u>\$ 905,307</u>	<u>238,149</u>	<u>214,535</u>	<u>56,261</u>	<u>397,967</u>	<u>347,847</u>	<u>11,796</u>	<u>3,599,416</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	193,715	10,479	-	-	19,487	-	340,755
Accrued wages payable	-	-	-	-	-	-	-	209,667
Due to other funds	-	-	-	-	-	-	-	252,389
Unearned revenue	-	-	-	-	-	-	-	318,953
Total liabilities	<u>-</u>	<u>193,715</u>	<u>10,479</u>	<u>-</u>	<u>-</u>	<u>19,487</u>	<u>-</u>	<u>1,121,764</u>
Fund balances:								
Restricted	-	-	-	-	-	-	-	529,471
Committed	905,307	-	-	-	-	-	-	905,307
Assigned	-	44,434	204,056	56,261	397,967	328,360	11,796	1,042,874
Total fund balances	<u>905,307</u>	<u>44,434</u>	<u>204,056</u>	<u>56,261</u>	<u>397,967</u>	<u>328,360</u>	<u>11,796</u>	<u>2,477,652</u>
Total liabilities and fund balances	<u>\$ 905,307</u>	<u>238,149</u>	<u>214,535</u>	<u>56,261</u>	<u>397,967</u>	<u>347,847</u>	<u>11,796</u>	<u>3,599,416</u>

Lake Travis Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Governmental Funds
Year Ended August 31, 2021

	211	224	225	226	240	244	255
	Title I Grants to Local Education Agencies	Special Education - Grants to States (Formula)	Special Education - Preschool Grants	Special Education - Grants to States (High Cost)	Food and Nutrition Services	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants
Revenues							
Local and intermediate sources	\$ -	-	-	-	2,932,983	-	-
State program revenues	-	-	-	-	8,957	-	-
Federal program revenues	443,834	1,536,416	10,509	165,880	433,988	47,716	190,980
Total revenues	<u>443,834</u>	<u>1,536,416</u>	<u>10,509</u>	<u>165,880</u>	<u>3,375,928</u>	<u>47,716</u>	<u>190,980</u>
Expenditures							
Current:							
Instruction	443,834	1,128,276	5,264	165,880	-	40,818	-
Curriculum and staff development	-	-	-	-	-	6,898	190,980
Guidance, counseling and evaluation services	-	373,687	5,245	-	-	-	-
Student transportation	-	34,453	-	-	-	-	-
Food services	-	-	-	-	4,112,786	-	-
Extracurricular activities	-	-	-	-	-	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Total expenditures	<u>443,834</u>	<u>1,536,416</u>	<u>10,509</u>	<u>165,880</u>	<u>4,112,786</u>	<u>47,716</u>	<u>190,980</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(736,858)	-	-
Net change in fund balances	-	-	-	-	(736,858)	-	-
Fund balances, beginning	-	-	-	-	1,266,329	-	-
Fund balances, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,471</u>	<u>-</u>	<u>-</u>

(Continued)

Lake Travis Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Governmental Funds (Continued)
Year Ended August 31, 2021

	263	266	277	281	289	289	410	428	429
	English Language Acquisition State Grants	Education Stabilization Fund ESSER I	Coronavirus Relief Fund	Education Stabilization Fund ESSER II	Grants for State Assessments and Related Activities	Student Support and Academic Enrichment Program	State Instructional Materials	Special Ed Fiscal Support	Other State
Revenues									
Local and intermediate sources	\$ -	-	-	-	-	-	-	-	-
State program revenues	-	-	-	-	-	-	504,727	255,000	130,212
Federal program revenues	99,473	332,839	420,600	1,347,549	5,343	30,455	-	-	-
Total revenues	<u>99,473</u>	<u>332,839</u>	<u>420,600</u>	<u>1,347,549</u>	<u>5,343</u>	<u>30,455</u>	<u>504,727</u>	<u>255,000</u>	<u>130,212</u>
Expenditures									
Current:									
Instruction	46,413	-	420,600	1,347,549	5,343	30,455	504,727	-	-
Curriculum and staff development	53,060	-	-	-	-	-	-	-	-
Guidance, counseling and evaluation services	-	-	-	-	-	-	-	255,000	-
Student transportation	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-	-	-	-
Facilities maintenance and operations	-	332,839	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-	-	130,212
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>99,473</u>	<u>332,839</u>	<u>420,600</u>	<u>1,347,549</u>	<u>5,343</u>	<u>30,455</u>	<u>504,727</u>	<u>255,000</u>	<u>130,212</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Fund balances, beginning	-	-	-	-	-	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

Lake Travis Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Governmental Funds (Continued)
Year Ended August 31, 2021

	461	481	486	488	489	490/491/492	498/499	Total
	Campus Activity Funds	AP Testing	Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants	Lake Travis Ed. Foundation Mini Grants	Special Revenue Funds
Revenues								
Local and intermediate sources	\$ 749,403	209,251	456,754	155,677	94,317	275,000	-	4,873,385
State program revenues	-	-	-	-	221,344	-	-	1,120,240
Federal program revenues	-	-	-	-	-	-	-	5,065,582
Total revenues	<u>749,403</u>	<u>209,251</u>	<u>456,754</u>	<u>155,677</u>	<u>315,661</u>	<u>275,000</u>	<u>-</u>	<u>11,059,207</u>
Expenditures								
Current:								
Instruction	490,322	-	-	142,600	6,512	230,897	-	5,009,490
Curriculum and staff development	-	-	-	-	-	-	-	250,938
Guidance, counseling and evaluation services	-	194,197	-	-	-	-	-	828,129
Student transportation	-	-	-	-	-	-	-	34,453
Food services	-	-	-	-	-	-	-	4,112,786
Extracurricular activities	310,043	-	322,428	-	-	-	-	632,471
Facilities maintenance and operations	-	-	-	-	-	-	-	332,839
Security and monitoring services	-	-	-	-	-	-	-	130,212
Community services	-	-	-	-	44,615	-	-	44,615
Total expenditures	<u>800,365</u>	<u>194,197</u>	<u>322,428</u>	<u>142,600</u>	<u>51,127</u>	<u>230,897</u>	<u>-</u>	<u>11,375,933</u>
Excess (deficiency) of revenues over (under) expenditures	(50,962)	15,054	134,326	13,077	264,534	44,103	-	(316,726)
Net change in fund balances	(50,962)	15,054	134,326	13,077	264,534	44,103	-	(316,726)
Fund balances, beginning	<u>956,269</u>	<u>29,380</u>	<u>69,730</u>	<u>43,184</u>	<u>133,433</u>	<u>284,257</u>	<u>11,796</u>	<u>2,794,378</u>
Fund balances, ending	<u>\$ 905,307</u>	<u>44,434</u>	<u>204,056</u>	<u>56,261</u>	<u>397,967</u>	<u>328,360</u>	<u>11,796</u>	<u>2,477,652</u>

Lake Travis Independent School District
Combining Statement of Net Position
Business-type Activities- Nonmajor Enterprise Funds
August 31, 2021

	<u>Community Education</u>	<u>Video Display Board</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current assets-			
Cash and cash equivalents	\$ 1,419,396	\$ 416,652	\$ 1,836,048
Total current assets	<u>1,419,396</u>	<u>416,652</u>	<u>1,836,048</u>
Noncurrent assets-			
Capital assets:			
Buildings and improvements	-	449,008	449,008
Accumulated depreciation	-	(179,601)	(179,601)
Total noncurrent assets	<u>-</u>	<u>269,407</u>	<u>269,407</u>
Total assets	<u>1,419,396</u>	<u>686,059</u>	<u>2,105,455</u>
Liabilities			
Current liabilities-			
Accounts payable	3,717	-	3,717
Accrued wages payable	62,042	-	62,042
Total liabilities	<u>65,759</u>	<u>-</u>	<u>65,759</u>
Net Position			
Net investment in capital assets	-	269,407	269,407
Unrestricted	<u>1,353,637</u>	<u>416,652</u>	<u>1,770,289</u>
Total net position	<u>\$ 1,353,637</u>	<u>\$ 686,059</u>	<u>\$ 2,039,696</u>

Lake Travis Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Business-type Activities- Nonmajor Enterprise Funds
Year Ended August 31, 2021

	<u>Community Education</u>	<u>Video Display Board</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues-			
Charges for services	\$ 1,910,566	\$ 102,250	\$ 2,012,816
Operating expenses:			
Payroll costs	1,952,054	-	1,952,054
Professional and contracted services	146,340	-	146,340
Supplies and materials	93,835	-	93,835
Extracurricular activities	18,413	-	18,413
Other operating	90,701	-	90,701
Depreciation	-	22,450	22,450
Total operating expenses	<u>2,301,343</u>	<u>22,450</u>	<u>2,323,793</u>
Operating income (loss)	<u>(390,777)</u>	<u>79,800</u>	<u>(310,977)</u>
Change in net position	(390,777)	79,800	(310,977)
Total net position, beginning	<u>1,744,414</u>	<u>606,259</u>	<u>2,350,673</u>
Total net position, ending	<u>\$ 1,353,637</u>	<u>\$ 686,059</u>	<u>\$ 2,039,696</u>

Lake Travis Independent School District
Combining Statement of Cash Flows
Business-type Activities- Nonmajor Enterprise Funds
Year Ended August 31, 2021

	Community Education	Video Display Board	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from interfund services provided	\$ 1,910,566	\$ 102,250	\$ 2,012,816
Payments to employees	(1,890,012)	-	(1,890,012)
Payments to suppliers	(345,962)	-	(345,962)
Net cash provided by (used in) operating activities	(325,408)	102,250	(223,158)
Cash and cash equivalents, beginning of the year	1,744,804	314,402	2,059,206
Cash and cash equivalents, end of the year	\$ 1,419,396	\$ 416,652	\$ 1,836,048
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (390,777)	\$ 79,800	\$ (310,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	22,450	22,450
Increase in accounts payable	3,327	-	3,327
Increase in accrued wages payable	62,042	-	62,042
Net cash provided by (used in) operating activities	\$ (325,408)	\$ 102,250	\$ (223,158)

Lake Travis Independent School District
Combining Statement of Net Position
Governmental Activities- Nonmajor Internal Service Funds
August 31, 2021

	<u>Workers Compensation</u>	<u>Self-Funded Health Insurance</u>	<u>DSA/HSA</u>	<u>Total Nonmajor Internal Service Funds</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,104,997	\$ 331,165	\$ 117,402	\$ 1,553,564
Temporary investments	113,714	-	-	113,714
Due from other funds	-	1,728,797	-	1,728,797
Total current assets	<u>1,218,711</u>	<u>2,059,962</u>	<u>117,402</u>	<u>3,396,075</u>
Total assets	<u><u>1,218,711</u></u>	<u><u>2,059,962</u></u>	<u><u>117,402</u></u>	<u><u>3,396,075</u></u>
Liabilities				
Current liabilities-				
Accounts payable	<u>177,400</u>	<u>896,370</u>	<u>-</u>	<u>1,073,770</u>
Total liabilities	<u>177,400</u>	<u>896,370</u>	<u>-</u>	<u>1,073,770</u>
Net Position				
Unrestricted	<u>1,041,311</u>	<u>1,163,592</u>	<u>117,402</u>	<u>2,322,305</u>
Total net position	<u><u>\$ 1,041,311</u></u>	<u><u>\$ 1,163,592</u></u>	<u><u>\$ 117,402</u></u>	<u><u>\$ 2,322,305</u></u>

Lake Travis Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Governmental Activities- Nonmajor Internal Service Funds
Year Ended August 31, 2021

	<u>Workers Compensation</u>	<u>Self Funded Health Insurance</u>	<u>DSA/HSA</u>	<u>Total Nonmajor Internal Service Funds</u>
Operating revenues-				
Charges for services	\$ 498,542	\$ 13,027,017	\$ 333,837	\$ 13,859,396
Operating expenses:				
Professional and contracted services	191,583	22,993	-	214,576
Claims	78,392	13,870,960	328,421	14,277,773
Other operating	74,693	-	-	74,693
Total operating expenses	344,668	13,893,953	328,421	14,567,042
Operating income (loss)	153,874	(866,936)	5,416	(707,646)
Non-operating revenues-				
Investment and interest income	7,623	14,551	926	23,100
Change in net position	161,497	(852,385)	6,342	(684,546)
Total net position, beginning	879,814	2,015,977	111,060	3,006,851
Total net position, ending	<u>\$ 1,041,311</u>	<u>\$ 1,163,592</u>	<u>\$ 117,402</u>	<u>\$ 2,322,305</u>

Lake Travis Independent School District
Combining Statement of Cash Flows
Governmental Activities- Nonmajor Internal Service Funds
Year Ended August 31, 2021

	Workers Compensation	Self Funded Health Insurance	DSA/HSA	Total Nonmajor Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from contributors	\$ 498,542	\$ 12,196,644	\$ 333,837	\$ 13,029,023
Payments to suppliers	(266,276)	(921,417)	-	(1,187,693)
Claims paid	(87,521)	(13,501,356)	(328,421)	(13,917,298)
Net cash provided by (used in) operating activities	<u>144,745</u>	<u>(2,226,129)</u>	<u>5,416</u>	<u>(2,075,968)</u>
Cash Flows from Investing Activities:				
Purchase of investments	(68)	-	-	(68)
Interest received	7,623	14,551	926	23,100
Net cash provided by investing activities	<u>7,555</u>	<u>14,551</u>	<u>926</u>	<u>23,032</u>
Net change in cash and cash equivalents	152,300	(2,211,578)	6,342	(2,052,936)
Cash and cash equivalents, beginning of the year	<u>952,697</u>	<u>2,542,743</u>	<u>111,060</u>	<u>3,606,500</u>
Cash and cash equivalents, end of the year	<u>\$ 1,104,997</u>	<u>\$ 331,165</u>	<u>\$ 117,402</u>	<u>\$ 1,553,564</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 153,874	\$ (866,936)	\$ 5,416	\$ (707,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase (decrease) in accounts payable	(9,129)	369,604	-	360,475
Decrease in unearned revenue	-	(830,373)	-	(830,373)
Increase in due from other funds	-	(898,424)	-	(898,424)
Net cash provided by (used in) operating activities	<u>\$ 144,745</u>	<u>\$ (2,226,129)</u>	<u>\$ 5,416</u>	<u>\$ (2,075,968)</u>

Lake Travis Independent School District
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended August 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local and intermediate sources	\$ 45,700,000	46,250,000	46,253,462	3,462
State program revenues	300,000	160,000	139,430	(20,570)
Total revenues	<u>46,000,000</u>	<u>46,410,000</u>	<u>46,392,892</u>	<u>(17,108)</u>
Expenditures				
Principal on long-term debt	29,870,000	29,870,000	31,085,000	(1,215,000)
Interest on long-term debt	15,997,167	15,997,167	14,775,228	1,221,939
Other debt service expenditures	132,833	542,833	1,151,229	(608,396)
Total expenditures	<u>46,000,000</u>	<u>46,410,000</u>	<u>47,011,457</u>	<u>(601,457)</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(618,565)</u>	<u>(618,565)</u>
Other Financing Sources (Uses)				
Issuance of refunding bonds	-	-	64,450,000	64,450,000
Premium on sale of bonds	-	-	7,379,017	7,379,017
Payment to refunded bond escrow agent	-	-	<u>(71,284,059)</u>	<u>(71,284,059)</u>
Total other financing sources, net	<u>-</u>	<u>-</u>	<u>544,958</u>	<u>544,958</u>
Fund balance, beginning	<u>7,099,415</u>	<u>7,099,415</u>	<u>7,099,415</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,099,415</u>	<u>7,099,415</u>	<u>7,025,808</u>	<u>(73,607)</u>

Lake Travis Independent School District
Food and Nutrition Services Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended August 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local and intermediate sources	\$ 5,261,000	2,611,000	2,932,983	321,983
State program revenues	9,000	9,000	8,957	(43)
Federal program revenues	530,000	260,000	433,988	173,988
Total revenues	<u>5,800,000</u>	<u>2,880,000</u>	<u>3,375,928</u>	<u>495,928</u>
Expenditures				
Food services	5,268,861	3,730,000	4,112,786	(382,786)
Facilities maintenance and operations	531,139	-	-	-
Total expenditures	<u>5,800,000</u>	<u>3,730,000</u>	<u>4,112,786</u>	<u>(382,786)</u>
Deficiency of revenues under expenditures	-	(850,000)	(736,858)	113,142
Fund balance, beginning	<u>1,266,329</u>	<u>1,266,329</u>	<u>1,266,329</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,266,329</u>	<u>416,329</u>	<u>529,471</u>	<u>113,142</u>

Other Schedules

Lake Travis Independent School District
Schedule of Delinquent Taxes Receivable
Year Ended August 31, 2021

Last Ten Years Ended August 31	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 8/31/2020	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 8/31/2021
	Maintenance	Debt Service							
2012 and earlier	Various	Various	Various	\$ 1,055,862	-	(21,305)	(2,764)	(629,852)	401,941
2013	1.0400	0.3675	6,608,815,301	140,319	-	(3,373)	(1,192)	-	135,754
2014	1.0400	0.3675	7,115,224,770	159,069	-	(8,894)	(3,143)	-	147,032
2015	1.0400	0.3675	7,911,588,785	146,343	-	(18,210)	(6,435)	-	121,698
2016	1.0400	0.3675	8,957,914,229	139,102	-	(16,435)	(5,807)	1,756	118,616
2017	1.0400	0.3675	9,984,903,074	206,042	-	(31,101)	(10,990)	4,605	168,556
2018	1.0600	0.3475	10,969,867,472	369,729	-	(50,004)	(16,393)	10,092	313,424
2019	1.0600	0.3475	12,241,356,541	547,164	-	22,378	7,336	(195,183)	381,695
2020	0.9900	0.3475	13,097,820,672	1,617,638	-	(454,343)	(159,479)	(349,255)	654,561
2021	0.9764	0.3475	13,423,952,554	-	176,737,876	(127,994,244)	(45,553,052)	(1,843,555)	1,347,025
Totals				<u>\$ 4,381,268</u>	<u>176,737,876</u>	<u>(128,575,531)</u>	<u>(45,751,919)</u>	<u>(3,001,392)</u>	<u>3,790,302</u>

Lake Travis Independent School District
Exhibit J-4 - Use of Funds Report - Select State Allotment Programs
For the Year Ended August 31, 2021

<u>Data Codes</u>		<u>Responses</u>
Section A: Compensatory Education Programs		
Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.104.		
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,930,517
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26, 28, 29, 30, 34)	\$ 1,377,353
Section B: Bilingual Education Programs		
Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.		
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 475,804
AP8	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25, 35)	\$ 1,172,489

Lake Travis Independent School District
Exhibit L-1 - Required Responses to Selected
School First Indicators
August 31, 2021

Data Control Codes	Description	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted ins budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 695,246

Federal Awards Section



MAXWELL LOCKE & RITTER LLP

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Board of Trustees of
Lake Travis Independent School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Travis Independent School District (the "District"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

The District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Maxwell Locke + Ritter LLP

Austin, Texas
December 14, 2021



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Independent Auditors' Report On Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by The Uniform Guidance

The Board of Trustees of
Lake Travis Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Lake Travis Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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 the District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Maxwell Locke & Ritter LLP

Austin, Texas
December 14, 2021

Lake Travis Independent School District

Schedule of Expenditures of Federal Awards Year Ended August 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed Through Texas Education Agency:</u>			
Title I Grants to Local Educational Agencies	84.010A	20610101227913 & 21610101227913	\$ 443,834
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	20694501227913 & 21694501227913	190,980
English Language Acquisition State Grants	84.365A	20671001227913 & 21671001227913	99,473
Student Support and Academic Enrichment Program	84.424A	20680101227913 & 21680101227913	30,455
Special Education Cluster:			
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	206600012279136600 & 216600012279136000	1,536,416
Special Education Grants to States (IDEA - Part B, High Cost Risk Pool)	84.027A	206600122279136677 & 216600122279136677	165,880
Total - 84.027A			1,702,296
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	206610012279136610 & 216610012279136000	10,509
Total Special Education Cluster			1,712,805
Career and Technical Education - Basic Grants to States	84.048A	214200006227913	47,716
Grants for State Assessments and Related Activities	84.369A	69551902	5,343
COVID-19 Education Stabilization Fund	84.425D	20521001227913 & 21521001227913	1,680,388
Total Passed Through Texas Education Agency			4,210,994
Total Department of Education			4,210,994
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
<u>Passed Through Texas Education Agency:</u>			
National School Lunch Program	10.555	71302101	331,151
School Breakfast Program	10.553	71402101	36,299
Total Passed Through Texas Education Agency			367,450
<u>Passed Through the Texas Department of Human Services-</u>			
Non-cash Assistance - Food Distribution Program	10.555	3002101	54,594
<u>Passed Through the Texas Department of Agriculture-</u>			
COVID-19 National School Lunch Program	10.555	71302101	11,944
Total - 10.555			397,689
Total Child Nutrition Cluster			433,988
Total Department of Agriculture			433,988

(continued)

Lake Travis Independent School District

Schedule of Expenditures of Federal Awards (Continued) Year Ended August 31, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Treasury</u>			
<u>Passed Through Texas Education Agency-</u>			
COVID-19 Coronavirus Relief Fund	21.019	52202003	420,600
<u>Passed Through Texas Division of Emergency Management-</u>			
COVID-19 Coronavirus Relief Fund	21.019	2020-CF-21019	174,234
Total - 21.019			594,834
Total Department of Treasury			594,834
<u>U.S. Department of Health and Human Services</u>			
<u>Passed Through Texas Health and Human Services Commission-</u>			
Medical Assistance Program	93.778	HHS000537900169	2,050
Total Department of Health and Human Services			2,050
Total Expenditures of Federal Awards			<u>\$ 5,241,866</u>

The accompanying notes are an integral part of this schedule.

Lake Travis Independent School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended August 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Lake Travis Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies

Basis of Accounting

The expenditures reported on the Schedule are reported using the modified accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the Schedule in an amount equal to revenue for balancing purposes only. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

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

Relationship to Basic Financial Statements

Expenditures of federal awards are reported in the District’s basic financial statements in the General Fund and special revenue funds.

Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-cash Programs

The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

Lake Travis Independent School District

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditors' report issued on compliance for the major federal programs:

COVID-19 Education Stabilization Fund

Unmodified

COVID-19 Coronavirus Relief Fund

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of the major federal program-

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425D	COVID-19 Education Stabilization Fund
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

yes no

Lake Travis Independent School District

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section II - Financial Statement Findings

There was one finding required to be reported in accordance with *Government Auditing Standards* for the year ended August 31, 2021. There were no findings required to be reported in accordance with *Government Auditing Standards* for the year ended August 31, 2020.

Finding Relating to Internal Control over Financial Reporting and Compliance in Accordance with *Government Auditing Standards*:

2021-001

- Criteria: The District must amend the official budget before exceeding a functional expenditure category as expenditures from governmental funds cannot be made without authority of appropriation in accordance with Texas Education Code Section 44.006.
- Condition /Context: The instructional resources and media services, instructional leadership, school leadership, guidance, counseling and evaluation services, social work services, health services, general administration, and facilities maintenance and operations functions in the General Fund exceeded budgeted amounts by \$6,813, \$73,337, \$138,868, \$117,762, \$878, \$30,741, \$61,248 and \$548,050, respectively, for the year ended August 31, 2021. The debt service function in the Debt Service Fund exceeded budgeted amounts by \$601,457 for the year ended August 31, 2021. The food services function in the Food and Nutrition Services Fund exceeded budgeted amounts by \$382,786 for the year ended August 31, 2021.
- Effect: Noncompliance with legal requirements for school district budgets formulated by the State of Texas and the Texas Education Agency (“TEA”).
- Cause: For the General Fund, the budget overages were due to the following factors: (1) the District switched to a new financial accounting software system one month prior to the end of the fiscal year. The original system was not accessible to finish out the year. The change in the payroll accrual method between the two systems caused several function areas to go over budget. The District was not able to amend its budget in the General Fund prior to the end of the year based on the timing of the final payroll accrual process at year end; and (2) the District underestimated the start-up costs for opening schools in August 2021 after a year of on campus and remote instruction due to the COVID-19 pandemic. For the Debt Service Fund, the budget overage was due to the District’s oversight in posting the accounting entries for the final closing of the Series 2020 Refunding Bonds. The error was not discovered prior to the final budget amendment approved in August 2021. For the Food and Nutrition Services Fund, the budget overage was due to the District underestimating the start-up costs for opening schools in August after a year of on campus and remote instruction due to the COVID-19 pandemic which resulted in a decrease in participation of the food service program.

Lake Travis Independent School District

Schedule of Findings and Questioned Costs

Year Ended August 31, 2021

Recommendations: The District should monitor actual expenditures by function incurred and amend the budgeted expenditures by function as necessary by the end of the fiscal year.

Views of Responsible
Officials and Planned

Corrective Actions: See Schedule of Corrective Action Plan

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the years ended August 31, 2021 and August 31, 2020.



**Lake Travis Independent School District
Annual Financial Report
Fiscal Year Ending August 31, 2021**

Corrective Action Plan for Finding 2021-001(Auditee Prepared)

Finding 2021-001

Planned Corrective Action: District management will implement additional procedures to monitor budget to actual expenditures throughout the fiscal year and to ensure actual spending, by function area, are within year ending budgeted totals.

District management will monitor the expenditures associated with opening schools each fiscal year and properly budget prior to the end of the fiscal year.

District management will implement additional procedures to ensure the posting of all closing accounting entries are completed timely during the fiscal year.

Responsible Party: Pam Sanchez, Assistant Superintendent of Business Services

Estimated Completion Date: August 31, 2022