

**Georgetown
Independent School District**

**Annual Financial Report
for the Fiscal Year Ended
June 30, 2021**

Georgetown Independent School District
Annual Financial Report
Year Ended June 30, 2021
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Certificate of Board

Georgetown Independent School District Williamson 246904
Name of School District County Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the 15 day of November, 2021.

Melanie Dunbar
Signature of Board Secretary

WSSully
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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Accountants and Consultants

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Independent Auditors' Report

The Board of Trustees of
Georgetown 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 Georgetown Independent School District (the "District"), as of and for the year ended June 30, 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 June 30, 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 12, 53, 54, 55, 56, and 57, 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 November 12, 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
November 12, 2021

Georgetown Independent School District Management's Discussion and Analysis

This section of Georgetown Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

- The District's total combined net position at June 30, 2021 was approximately \$42.4 million.
- The fund balance for the General Fund at June 30, 2021 was approximately \$20.7 million, a decrease of approximately \$5.8 million from the prior year. The decrease was primarily due to the purchase of land on Airport Rd for a future building, COVID-19 related expenditures, a decrease in the average daily attendance (ADA), and a major shortage in Food Service revenue due to free meals given that was supported by the local budget. Student growth projections were not met due to COVID-19 and families keeping their children out of public school for health and safety reasons.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements include governmental activities and business-type activities. Governmental activities distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees and charges. The governmental activities of the District include the education of District students and the programs necessary to support such education. Business-type activities include services related to the District's concession stand program and the related costs to operate the program.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet provides a reconciliation to facilitate the comparison between total fund balances and net position of governmental activities. There is a reconciliation of statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities on page 17.

The District maintains numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and Capital Projects Fund as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison statements have also been prepared for the Debt Service and Food Service Funds and are included in the Combining and Individual Fund Statements and Schedules section of this report.

Proprietary Funds - The District maintains an enterprise fund that is used to report the same functions presented as business-type activities in the government-wide financial statements.

Fiduciary Funds - The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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

Other Information - The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Notes to the Basic Financial Statements. Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to the cost-sharing pension and OPEB plans with the Teacher Retirement System of Texas.

Government-wide Financial Analysis

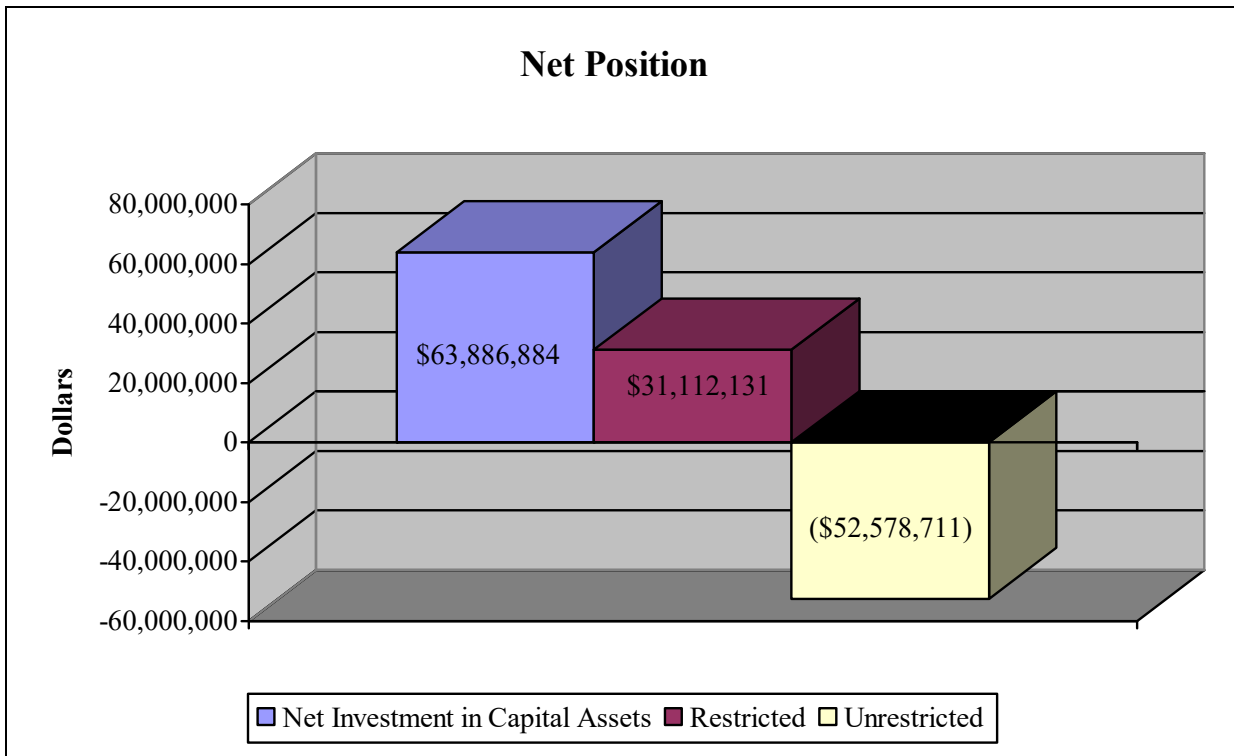
Net position may serve over time as a useful indicator of the District's financial position. For the year ended June 30, 2021, total combined net position was \$42,426,177, which represented an increase of \$4,087,746 as compared to net position for the year ended June 30, 2020.

Net position for the year ended June 30, 2021 as compared to the year ended June 30, 2020 can be presented as follows:

**Georgetown Independent School District's
Net Position**

	Governmental Activities as of	
	June 30, 2020	June 30, 2021
Current assets:		
Cash and temporary investments	\$ 142,539,818	\$ 91,266,400
Property taxes, net	3,385,355	3,524,349
Due from other governments	3,677,698	8,109,270
Other receivables and inventory	551,739	263,548
Prepaid items and other assets	535,278	550,026
Total current assets	<u>150,689,888</u>	<u>103,713,593</u>
Non-current assets-		
Capital assets, net of accumulated depreciation	<u>482,557,830</u>	<u>504,966,488</u>
Total assets	<u>\$ 633,247,718</u>	<u>\$ 608,680,081</u>
Deferred outflows of resources:		
Deferred charges on bond refundings	\$ 9,145,471	\$ 9,135,328
Deferred outflows related to pension liability	16,170,842	12,309,309
Deferred outflows related to OPEB liability	8,596,053	7,936,088
Total deferred outflows of resources	<u>33,912,366</u>	<u>29,380,725</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 24,729,773	\$ 13,623,051
Bonds payable	13,850,000	17,465,000
Accretion payable	-	384,139
Bond interest payable	6,940,290	6,955,204
Unearned revenue	145,336	490,084
Due to fiduciary funds	997,313	1,158,390
Due to other governments	12,393,878	15,225,243
Total current liabilities	<u>59,056,590</u>	<u>55,301,111</u>
Long-term liabilities:		
Bonds payable	470,681,338	444,321,392
Accretion payable	373,897	-
Net pension liability	32,840,293	30,939,421
Net OPEB liability	42,251,734	34,164,156
Total long-term liabilities	<u>546,147,262</u>	<u>509,424,969</u>
Total liabilities	<u>\$ 605,203,852</u>	<u>\$ 564,726,080</u>
Deferred inflows of resources:		
Deferred inflows related to pension liability	\$ 5,351,095	\$ 5,897,503
Deferred inflows related to OPEB liability	18,278,727	25,016,919
Total deferred inflows of resources	<u>23,629,822</u>	<u>30,914,422</u>
Net position:		
Net investment in capital assets	\$ 54,585,000	\$ 63,886,884
Restricted	29,318,840	31,112,131
Unrestricted	(45,577,430)	(52,578,711)
Total net position	<u>\$ 38,326,410</u>	<u>\$ 42,420,304</u>

	Business-Type Activities as of	
	June 30, 2020	June 30, 2021
Current assets-		
Cash and temporary investments	\$ 12,021	\$ 5,873
Total current assets	12,021	5,873
Current liabilities-		
Accounts payable	\$ -	\$ -
Total current liabilities	-	-
Net position-		
Unrestricted	\$ 12,021	5,873
Total net position	\$ 12,021	\$ 5,873



Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or federal grant requirements. Restricted net position is available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating obligations as determined by the Board of Trustees (the “Board”).

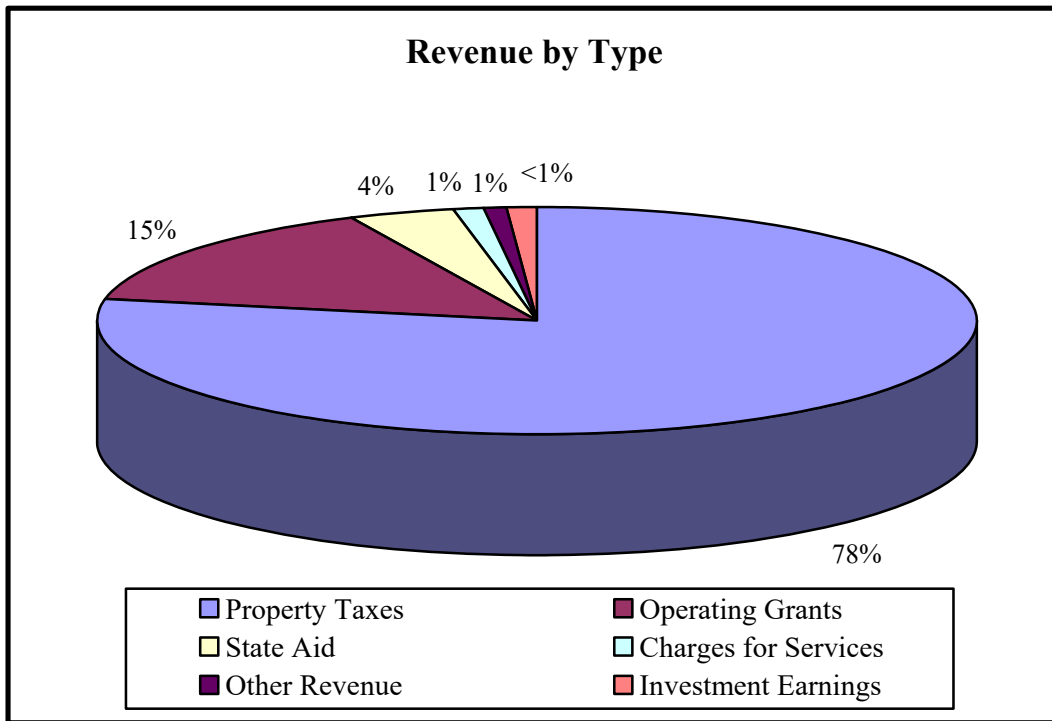
Governmental activities increased the District’s net position by \$4,093,894 during the year ended June 30, 2021. Business-type activities decreased the District’s net position by \$6,148 during the year ended June 30, 2021. Key elements of this increase are on the following page:

**Georgetown Independent School District's
Changes in Net Position**

	Governmental Activities as of	
	June 30, 2020	June 30, 2021
Revenues:		
Program Revenues:		
Charges for services	\$ 3,343,667	\$ 1,874,406
Operating grants and contributions	22,979,786	28,729,778
General Revenues:		
Property taxes	144,185,498	152,565,191
State aid - formula grants	6,812,596	9,049,858
Investment earnings	2,603,382	131,757
Miscellaneous	343,939	2,110,103
Total Revenues	<u>180,268,868</u>	<u>194,461,093</u>
Expenses:		
Instruction and instructional resources	87,971,260	90,396,820
Curriculum, instructional and school leadership	14,208,142	14,135,585
Student support services	13,921,590	13,802,170
Food services	6,771,621	6,646,888
Extracurricular activities	5,086,602	5,086,215
General administration	4,735,108	4,486,861
Support services	16,603,387	19,063,651
Community services	768,625	623,873
Debt service	12,344,032	14,228,553
Facilities acquisition and construction	5,466,931	5,261,464
Contracted instructional services between public schools	12,436,094	15,289,476
Other	1,271,013	1,345,643
Total Expenses	<u>181,584,405</u>	<u>190,367,199</u>
Change in Net Position	(1,315,537)	4,093,894
Net Position Beginning	<u>39,641,947</u>	<u>38,326,410</u>
Net Position Ending	<u>\$ 38,326,410</u>	<u>\$ 42,420,304</u>

	Business-Type Activities as of	
	June 30, 2020	June 30, 2021
Revenues-		
Program Revenues-		
Charges for services	\$ 93,323	\$ 28,171
Total Revenues	<u>93,323</u>	<u>28,171</u>
Expenses-		
Extracurricular activities	94,449	34,319
Total Expenses	<u>94,449</u>	<u>34,319</u>
Change in Net Position	(1,126)	(6,148)
Net Position Beginning	<u>13,147</u>	<u>12,021</u>
Net Position Ending	<u>\$ 12,021</u>	<u>\$ 5,873</u>

Property tax revenues increased from the prior year primarily due to an increase in property values for the 2020 tax year. Overall, property taxes accounted for approximately 78% of the District’s revenue sources during the fiscal year ended June 30, 2021. State funding represented 4% and operating grants represented 15% of revenue sources.



House Bill 3 (“HB3”), which passed during the legislative session in 2019 changed the way school districts received 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 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 \$71,086,814. Of this amount \$20,625,059 constitutes unassigned fund balance available for use in the General Fund activities at the District’s discretion, and an additional \$569,928 in fund balance is nonspendable due to being in the form of inventory, prepaid items and other assets. The remainder of the fund balance is 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.

The Texas Education Agency recommends that districts keep a fund balance that is between 12% to 20% of annual General Fund operating expenses. As a measure of the General Fund’s liquidity, unassigned fund balance represents 15% of the total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$37,558,979, all of which is restricted for payment of debt service.

The Capital Projects Fund had a total fund balance of \$11,571,460, which represents funds remaining from the District’s bond sales. These funds are restricted for the construction and renovation of school buildings and purchase of equipment and land.

Budgetary Highlights

Differences between the original General Fund operating budget and the final amended budget or actual amounts can be briefly summarized as follows:

- Total actual expenditures were greater than final budget amount for only the contracted instructional services between public schools function. The recapture payment was over budget due to greater than anticipated payment to the state. The Texas Education Agency continued to make adjustments to the recapture amount subsequent to the end of the fiscal year.
- Total actual revenues were higher than final budgeted amounts due to state funding increase for lower attendance due to COVID-19.

Capital Assets and Debt Administration:

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$504,966,488 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, and furniture and equipment.

Georgetown Independent School District Capital Assets (Net of accumulated depreciation)

Land	\$ 41,736,120
Construction in progress	28,093,725
Buildings and improvements	429,538,973
Furniture and equipment	<u>5,597,670</u>
Total	<u>\$ 504,966,488</u>

Additional information on the District's capital assets can be found in Note 7 of this report.

Long-term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$461,786,392. The bonded debt constitutes a direct obligation of the District from a continuing, direct ad valorem tax levied against all taxable property of the District without legal limit as to rate or amount. The bonds are also guaranteed by the corpus of the Permanent School fund of the State of Texas. Both Standard & Poor's Rating Services and Moody's Investors Services have provided bond ratings ranging from AA- to AAA and Aa1 to Aaa, respectively, to the District's outstanding debt obligations.

Additional information on the District's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

The District is located in the City of Georgetown, Texas, the county seat of Williamson County. This District serves 11,964 students at ten elementary schools, four middle schools, three high schools and two alternative campuses.

The District's elected officials considered many factors when adopting the 21-22 budget. The tax value of the District increased greater than 16%. This caused the District's tax rate to reduce to the max in Maximum Compression. The Texas Education Agency provided our tax rate based on the Local Property Value Survey.

The District's Debt Service Fund continues to improve with the increasing property values. The District held a bond election on November 2, 2021 and \$349,920,000 was approved by the District's voters for new school facilities to accommodate the growth of population in Williamson County.

The District invested funds in daily liquidity local government investment pools and a money market demand account. The priority of the District in this interest rate environment and volatile market was safety and principal and liquidity.

For budget purposes, the 21-22 tax rate was approved at \$1.231 (\$0.9020 M&O and \$0.329 I&S) which was a decrease of \$0.0761. This decrease was only on the M&O side of the budget. The District gave a 2% pay raise for all staff for 21-22. The employer insurance contribution remained at \$4,536 per year for all participating employees in the health insurance program.

The District expects an increase in Recapture (Excess Revenue) to an estimated amount of \$20 million for the 21-22 fiscal year. The excess revenue will continue to increase until the growth of student population increase at the same rate of property value growth.

As part of the Elementary and Secondary School Emergency Relief Fund (ESSER) the District received allotments of \$8.2 million for ESSER III, \$4.5 million for ESSER Supplement, and \$3.6 million for ESSER II. The ESSER II funds were used by the state to offset and supplant the 20-21 Hold Harmless ADA. This offset raised the District's state recapture payment another \$3.2 million and lowered the District's state aid by \$400,000.

Contacting the District's Financial Management

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

Basic Financial Statements

Georgetown Independent School District
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Current assets:			
Cash and temporary investments	\$ 91,266,400	5,873	91,272,273
Receivables:			
Property taxes - delinquent	3,596,275	-	3,596,275
Allowance for uncollectible taxes	(71,926)	-	(71,926)
Due from other governments	8,109,270	-	8,109,270
Other	153,130	-	153,130
Inventory	110,418	-	110,418
Prepaid items	25,223	-	25,223
Other assets	524,803	-	524,803
Capital assets (net of accumulated depreciation):			
Land	41,736,120	-	41,736,120
Construction in progress	28,093,725	-	28,093,725
Buildings and improvements	429,538,973	-	429,538,973
Furniture and equipment	5,597,670	-	5,597,670
Total assets	608,680,081	5,873	608,685,954
Deferred Outflows of Resources:			
Deferred charges on bond refundings	9,135,328	-	9,135,328
Pension contributions after measurement date	2,268,256	-	2,268,256
Deferred outflows related to pension liability	10,041,053	-	10,041,053
OPEB contributions after measurement date	631,560	-	631,560
Deferred outflows related to OPEB liability	7,304,528	-	7,304,528
Total deferred outflows of resources	29,380,725	-	29,380,725
Liabilities:			
Current liabilities:			
Accounts payable	2,270,889	-	2,270,889
Payroll deductions and withholdings payable	64,856	-	64,856
Accrued wages payable	11,287,306	-	11,287,306
Bond interest payable	6,955,204	-	6,955,204
Bonds payable	17,465,000	-	17,465,000
Accretion payable	384,139	-	384,139
Due to other governments	15,225,243	-	15,225,243
Due to fiduciary funds	1,158,390	-	1,158,390
Unearned revenue	490,084	-	490,084
Noncurrent liabilities:			
Bonds payable	444,321,392	-	444,321,392
Net pension liability	30,939,421	-	30,939,421
Net OPEB liability	34,164,156	-	34,164,156
Total liabilities	564,726,080	-	564,726,080
Deferred Inflows of Resources:			
Deferred inflows related to pension liability	5,897,503	-	5,897,503
Deferred inflows related to OPEB liability	25,016,919	-	25,016,919
Total deferred outflows of resources	30,914,422	-	30,914,422
Net Position:			
Net investment in capital assets	63,886,884	-	63,886,884
Restricted for-			
Debt service	31,112,131	-	31,112,131
Unrestricted	(52,578,711)	5,873	(52,572,838)
Total net position	\$ 42,420,304	5,873	42,426,177

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

Georgetown Independent School District
Statement of Activities
Year Ended June 30, 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	\$ 88,558,994	841,802	16,549,161	(71,168,031)	-	(71,168,031)
Instructional resources and media services	1,837,826	9,008	89,913	(1,738,905)	-	(1,738,905)
Curriculum and staff development	2,432,933	-	1,825,677	(607,256)	-	(607,256)
Instructional leadership	3,307,773	-	426,852	(2,880,921)	-	(2,880,921)
School leadership	8,394,879	4,442	842,170	(7,548,267)	-	(7,548,267)
Guidance, counseling, and evaluation services	5,644,338	-	1,042,576	(4,601,762)	-	(4,601,762)
Social work services	314,201	-	109,388	(204,813)	-	(204,813)
Health services	1,559,069	-	150,391	(1,408,678)	-	(1,408,678)
Student transportation	6,284,562	-	380,608	(5,903,954)	-	(5,903,954)
Food services	6,646,888	558,054	3,825,104	(2,263,730)	-	(2,263,730)
Extracurricular activities	5,086,215	288,600	162,928	(4,634,687)	-	(4,634,687)
General administration	4,486,861	172,500	251,424	(4,062,937)	-	(4,062,937)
Facilities maintenance and operations	14,798,463	-	700,672	(14,097,791)	-	(14,097,791)
Security and monitoring services	643,920	-	181,622	(462,298)	-	(462,298)
Data processing services	3,621,268	-	164,863	(3,456,405)	-	(3,456,405)
Community services	623,873	-	200,270	(423,603)	-	(423,603)
Debt service	14,228,553	-	312,800	(13,915,753)	-	(13,915,753)
Facilities acquisition and construction	5,261,464	-	1,513,359	(3,748,105)	-	(3,748,105)
Contracted instructional services between public schools	15,289,476	-	-	(15,289,476)	-	(15,289,476)
Payments to juvenile justice alternative education programs	465,906	-	-	(465,906)	-	(465,906)
Other intergovernmental charges	879,737	-	-	(879,737)	-	(879,737)
Total governmental activities	\$ 190,367,199	1,874,406	28,729,778	(159,763,015)	-	(159,763,015)
Business-type activities-						
Extracurricular activities	\$ 34,319	28,171	-	-	(6,148)	(6,148)
Total business-type activities	\$ 34,319	28,171	-	-	(6,148)	(6,148)
Total primary government	\$ 190,401,518	1,902,577	28,729,778	(159,763,015)	(6,148)	(159,769,163)
General revenues:						
Property taxes levied for general purposes				\$ 114,165,259	-	114,165,259
Property taxes levied for debt service				38,399,932	-	38,399,932
State aid - formula grants				9,049,858	-	9,049,858
Investment earnings				131,757	-	131,757
Miscellaneous				2,110,103	-	2,110,103
Total general revenues				163,856,909	-	163,856,909
Change in net position				4,093,894	(6,148)	4,087,746
Net position - beginning				38,326,410	12,021	38,338,431
Net position - ending				\$ 42,420,304	5,873	42,426,177

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

Georgetown Independent School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 40,261,498	37,499,035	13,343,510	162,357	91,266,400
Receivables:					
Property taxes - delinquent	2,718,988	877,287	-	-	3,596,275
Allowance for uncollectible taxes	(54,380)	(17,546)	-	-	(71,926)
Due from other governments	2,420,359	-	-	5,688,911	8,109,270
Due from other funds	6,165,472	-	141,495	779,487	7,086,454
Other	99,508	-	-	53,622	153,130
Inventory	19,902	-	-	90,516	110,418
Prepaid items	25,223	-	-	-	25,223
Other assets	-	-	-	524,803	524,803
Total assets	<u>\$ 51,656,570</u>	<u>38,358,776</u>	<u>13,485,005</u>	<u>7,299,696</u>	<u>110,800,047</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,065,483	6,249	995,190	203,967	2,270,889
Payroll deductions and withholdings payable	62,130	-	-	2,726	64,856
Accrued wages payable	10,674,430	-	-	612,876	11,287,306
Due to other governments	15,225,243	-	-	-	15,225,243
Due to other funds	1,937,877	285,192	918,355	5,103,420	8,244,844
Unearned revenue	399,568	-	-	90,516	490,084
Total liabilities	<u>29,364,731</u>	<u>291,441</u>	<u>1,913,545</u>	<u>6,013,505</u>	<u>37,583,222</u>
Deferred inflows of resources - Deferred revenue - property taxes	<u>1,621,655</u>	<u>508,356</u>	<u>-</u>	<u>-</u>	<u>2,130,011</u>
Fund balances:					
Nonspendable:					
Inventory	19,902	-	-	-	19,902
Prepaid items	25,223	-	-	-	25,223
Other assets	-	-	-	524,803	524,803
Restricted for:					
Debt service	-	37,558,979	-	-	37,558,979
Authorized construction	-	-	11,571,460	-	11,571,460
Committed to-					
Campus activities	-	-	-	469,718	469,718
Assigned to-					
Local grants	-	-	-	291,670	291,670
Unassigned	<u>20,625,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,625,059</u>
Total fund balances	<u>20,670,184</u>	<u>37,558,979</u>	<u>11,571,460</u>	<u>1,286,191</u>	<u>71,086,814</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,656,570</u>	<u>38,358,776</u>	<u>13,485,005</u>	<u>7,299,696</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.	\$ 504,966,488
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,130,011
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	(461,786,392)
Less: Deferred charges on refundings	9,135,328
Interest payable	(6,955,204)
Accretion payable	(384,139)
Net pension liability	(30,939,421)
Pension contributions after measurement date	2,268,256
Deferred outflows related to pension liability	10,041,053
Deferred inflows related to pension liability	(5,897,503)
Net OPEB liability	(34,164,156)
OPEB contributions after measurement date	631,560
Deferred outflows related to OPEB liability	7,304,528
Deferred inflows related to OPEB liability	(25,016,919)
Net position of governmental activities	<u>\$ 42,420,304</u>

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

Georgetown Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local and intermediate sources	\$ 115,090,933	38,343,870	59,669	2,393,863	155,888,335
State program revenues	15,922,159	312,800	6,242	2,801,753	19,042,954
Federal program revenues	2,824,105	-	-	13,348,051	16,172,156
Total revenues	<u>133,837,197</u>	<u>38,656,670</u>	<u>65,911</u>	<u>18,543,667</u>	<u>191,103,445</u>
Expenditures:					
Current:					
Instruction	68,587,235	-	-	8,999,850	77,587,085
Instructional resources and media services	1,142,719	-	-	16,111	1,158,830
Curriculum and staff development	2,078,238	-	-	305,689	2,383,927
Instructional leadership	3,011,539	-	-	221,191	3,232,730
School leadership	7,482,399	-	-	273,869	7,756,268
Guidance, counseling, and evaluation services	4,802,061	-	-	722,085	5,524,146
Social work services	213,744	-	-	94,961	308,705
Health services	1,383,344	-	-	52,756	1,436,100
Student transportation	4,660,850	-	102,609	66,361	4,829,820
Food services	1,019,424	-	-	4,105,842	5,125,266
Extracurricular activities	3,338,582	-	-	2,302	3,340,884
General administration	3,940,220	-	-	29,345	3,969,565
Facilities maintenance and operations	14,416,664	-	-	76,295	14,492,959
Security and monitoring services	463,115	-	-	180,035	643,150
Data processing services	3,688,107	-	146,902	15,248	3,850,257
Community services	432,421	-	-	163,858	596,279
Debt service:					
Principal on long-term debt	-	18,850,000	-	-	18,850,000
Interest on long-term debt	-	18,071,324	-	-	18,071,324
Other debt service expenditures	-	174,708	-	-	174,708
Facilities acquisition and construction	4,153,555	-	37,030,642	1,507,117	42,691,314
Contracted instructional services between public schools	15,289,476	-	-	-	15,289,476
Payments to juvenile justice alternative education programs	465,906	-	-	-	465,906
Other intergovernmental charges	879,737	-	-	-	879,737
Total expenditures	<u>141,449,336</u>	<u>37,096,032</u>	<u>37,280,153</u>	<u>16,832,915</u>	<u>232,658,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,612,139)</u>	<u>1,560,638</u>	<u>(37,214,242)</u>	<u>1,710,752</u>	<u>(41,554,991)</u>
Other Financing Sources (Uses):					
Proceeds from sale of property	22,086	-	-	-	22,086
Transfers in	-	-	1,372,665	3,896	1,376,561
Insurance recovery	1,952,896	-	-	-	1,952,896
Premium on sale of bonds	-	1,072,832	-	-	1,072,832
Payment to remarketing agent	-	(915,000)	-	-	(915,000)
Other uses	(112,223)	-	-	-	(112,223)
Transfers out	(3,896)	-	-	(1,372,665)	(1,376,561)
Total other financing sources (uses), net	<u>1,858,863</u>	<u>157,832</u>	<u>1,372,665</u>	<u>(1,368,769)</u>	<u>2,020,591</u>
Net change in fund balances	(5,753,276)	1,718,470	(35,841,577)	341,983	(39,534,400)
Fund balances - beginning	26,423,460	35,840,509	47,413,037	944,208	110,621,214
Fund balances - ending	<u>\$ 20,670,184</u>	<u>37,558,979</u>	<u>11,571,460</u>	<u>1,286,191</u>	<u>71,086,814</u>

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

Georgetown 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 June 30, 2021

Net change in fund balances-total governmental funds	\$ (39,534,400)
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	38,220,444
Depreciation expense	(15,811,786)
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	327,637
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	(1,072,832)
Repayment of bond principal	18,850,000
Payment to remarketing agent	915,000
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	(14,914)
Amortization of bond premiums	4,052,778
Amortization of deferred charges on bond refundings	(10,143)
Change in accretion payable	(10,242)
Pension contributions made during the measurement year	2,383,528
Change in pension contributions made after the measurement date	258,280
Proportionate share of collective pension expense	(482,656)
Adjustment for ending deferred inflows and outflows related to net pension liability	(4,666,221)
OPEB contributions made during the measurement year	683,141
Change in OPEB contributions made after the measurement date	59,491
Proportionate share of collective OPEB expense	7,404,437
Adjustment for ending deferred inflows and outflows related to net OPEB liability	(7,457,648)
Change in net position of governmental activities	\$ 4,093,894

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

Georgetown Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 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	\$ 113,095,095	115,923,688	115,090,933	(832,755)
State program revenues	15,547,614	15,029,788	15,922,159	892,371
Federal program revenues	1,435,000	2,818,491	2,824,105	5,614
Total revenues	<u>130,077,709</u>	<u>133,771,967</u>	<u>133,837,197</u>	<u>65,230</u>
Expenditures:				
Current:				
Instruction	71,866,776	72,393,383	68,587,235	3,806,148
Instructional resources and media services	1,126,061	1,149,690	1,142,719	6,971
Curriculum and staff development	2,052,773	2,101,535	2,078,238	23,297
Instructional leadership	3,145,094	3,100,572	3,011,539	89,033
School leadership	7,659,147	7,599,117	7,482,399	116,718
Guidance, counseling, and evaluation services	4,868,411	4,825,942	4,802,061	23,881
Social work services	212,891	219,183	213,744	5,439
Health services	1,302,158	1,418,641	1,383,344	35,297
Student transportation	4,700,824	4,777,183	4,660,850	116,333
Food services	-	2,146,344	1,019,424	1,126,920
Extracurricular activities	3,570,148	3,442,256	3,338,582	103,674
General administration	3,990,209	4,044,711	3,940,220	104,491
Facilities maintenance and operations	13,012,476	14,466,151	14,416,664	49,487
Security and monitoring services	397,750	478,680	463,115	15,565
Data processing services	3,358,982	3,791,379	3,688,107	103,272
Community services	498,589	481,509	432,421	49,088
Facilities acquisition and construction	-	4,164,073	4,153,555	10,518
Contracted instructional services between public schools	7,057,420	13,324,020	15,289,476	(1,965,456)
Payments to juvenile justice alternative education programs	433,000	465,906	465,906	-
Other intergovernmental charges	885,000	885,000	879,737	5,263
Total expenditures	<u>130,137,709</u>	<u>145,275,275</u>	<u>141,449,336</u>	<u>3,825,939</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,000)</u>	<u>(11,503,308)</u>	<u>(7,612,139)</u>	<u>3,891,169</u>
Other Financing Sources (Uses):				
Proceeds from sale of property	-	-	22,086	22,086
Insurance recovery	60,000	1,532,522	1,952,896	420,374
Other uses	-	-	(112,223)	(112,223)
Transfers out	-	-	(3,896)	(3,896)
Total other financing sources, net	<u>60,000</u>	<u>1,532,522</u>	<u>1,858,863</u>	<u>326,341</u>
Net change in fund balance	-	(9,970,786)	(5,753,276)	4,217,510
Fund balance - beginning	<u>26,423,460</u>	<u>26,423,460</u>	<u>26,423,460</u>	<u>-</u>
Fund balance - ending	<u>\$ 26,423,460</u>	<u>16,452,674</u>	<u>20,670,184</u>	<u>4,217,510</u>

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

Georgetown Independent School District
Statement of Net Position
Proprietary Fund
June 30, 2021

	Business-type Activities- Nonmajor Enterprise Fund
Assets-	
Cash	\$ 5,873
Total assets	<u>\$ 5,873</u>
Net Position-	
Unrestricted	\$ 5,873
Total net position	<u>\$ 5,873</u>

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

Georgetown Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2021

	Business-type Activities- Nonmajor Enterprise Fund
Operating revenues-	
Concession services	\$ 28,171
Operating expenses:	
Payroll costs	15,272
Contracted services	10,695
Supplies and materials	8,352
Total expenses	<u>34,319</u>
Change in net position	(6,148)
Total net position - beginning	<u>12,021</u>
Total net position - ending	<u><u>\$ 5,873</u></u>

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

Georgetown Independent School District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2021

	Business-type Activities- Nonmajor Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 28,171
Payments to suppliers	(19,047)
Payments to employees	(15,272)
	(6,148)
Net cash used in operating activities	(6,148)
Net decrease in cash	(6,148)
Cash - beginning of the year	12,021
Cash - end of the year	\$ 5,873
Reconciliation of operating loss to net cash used in operating activities-	
Operating loss	\$ (6,148)
Net cash used in operating activities	\$ (6,148)

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

Georgetown Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Assets:

Cash and temporary investments	\$ 217,156
Due from other funds	<u>1,158,390</u>
Total assets	<u>1,375,546</u>

Liabilities-

Accounts payable	<u>952,782</u>
Total liabilities	<u>952,782</u>

Net Position-

Restricted for student groups	<u>422,764</u>
Total net position	<u><u>\$ 422,764</u></u>

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

Georgetown Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

Additions-

Enterprising services	\$ 1,841,720
Total additions	<u>1,841,720</u>

Deductions-

Supplies and materials	<u>1,418,956</u>
Total deductions	<u>1,418,956</u>

Net increase in fiduciary net position	422,764
Total net position - beginning	<u>-</u>
Total net position - ending	<u><u>\$ 422,764</u></u>

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

Georgetown Independent School District

Notes to Basic Financial Statements Year Ended June 30, 2021

1. Summary of Significant Accounting Policies

The Financial Reporting Entity

This report includes those activities, organizations and functions which are related to the Georgetown Independent School District (the “District”) and which are controlled by or dependent upon the District’s governing body, the Board of 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 comply with the rules prescribed by the Texas Education Agency’s (“TEA”) 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. Custodial funds have no measurement focus. 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, interest income, and property taxes. Delinquent property taxes at year end that are not collected within sixty days of year end are reported as deferred inflows of resources.

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.

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 Fund is a proprietary fund used to account for the services of the District's concession stand program.

Fiduciary Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds do 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 services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for the District's concession stand program. Operating expenses include extracurricular activity expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Information

Budgets are prepared annually for the General Fund, Debt Service Fund, and Food Service Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by June 20 and is adopted by the Board at a public meeting after ten days public notice of the meeting has been given. 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 contracted instructional services between public schools function in the General Fund exceeded budgeted amounts by \$1,965,456 for the year ended June 30, 2021.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget.

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

Investments - Temporary investments throughout the year consisted of investments in external local government investment pools and a money market account. External local government investment pools are recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and the money market account is recognized at fair value. 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 inventory is recorded at cost using the FIFO method.

Federal food commodities inventory is stated at fair value and at year end is recorded as unearned revenue. Revenue is recognized at fair value when commodities are distributed to the schools.

Prepaid Items and Other Assets - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid and other assets in both the government-wide and fund financial statements depending on whether the costs will be applicable in the subsequent fiscal year or beyond. Prepaid items and other assets are charged to expenditures when consumed.

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial, individual cost of \$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 - 39 years, furniture and equipment - 5 to 7 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 policy is not to provide reimbursement upon termination of employment with the District. Accordingly, no liability for accrued compensated absences has been established by the District.

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-Retirement 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.

Fund Equity - 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 10 for additional information on those fund balance classifications.

Deferred Outflows and 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 8, Note 12 and Note 13 for additional information on deferred inflows and outflows of resources.

Statement of Cash Flows - For purposes of the statement of cash flows of the Enterprise Fund, the District considers all liquid investments with original maturities of 90 days or less to be cash equivalents.

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 July 1, 2020 and there was no change to fiduciary net position as of July 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 June 30, 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 June 30, 2023.

2. Deposits, Securities 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, in order of priority, are preservation and safety of principal, liquidity and yield.

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 programs
- Banker’s acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- Guaranteed investment contracts
- 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 June 30, 2021, the carrying amount of the District’s deposits (cash and interest-bearing savings accounts included in temporary investments) was \$861,587 and the bank balance was \$3,091,712.

The District’s deposits with financial institutions at June 30, 2021 and during the year ended June 30, 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 TEA maintains copies of all safekeeping receipts in the name of the District.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: BBVA Compass
- b) Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$16,000,000.
- c) Largest cash, savings and time deposit combined account balance amounted to \$12,956,543 and occurred during the month of October 2020.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2021 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor’s Rating
Local governmental investment pools:			
TexPool/TexPool Prime	\$ 81,644,444	1	AAAm
Lone Star	8,903,566	1	AAAm
Money market account-			
East West Bank - MM	<u>79,832</u>	1	N/A
Total	<u><u>\$ 90,627,842</u></u>		

The District had investments in two external local government investment pools at June 30, 2021. Texas Local Governmental Investment Pool (“TexPool”) and Lone Star Investment Pool (“Lone Star”). Although TexPool and Lone Star are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC’s Rule 2a7-of the Investment Company Act of 1940. 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.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and nonparticipants. RBC Dain Rauscher, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star'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 - At June 30, 2021, investments were included in external local government investment pools and a money market account 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 not in the District's name. At June 30, 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 June 30, 2021, all of the District's investments were in external local government investment pools and in a money market account.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy requires the District to monitor interest rate risk using weighted average maturity and specific identification. Maturities of any individual investment owned by the District should not exceed one year from the time of purchase unless the Board specifically authorizes 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 June 30, 2021, the District was not exposed to significant interest rate risk.

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 Williamson Central Appraisal District (the “Appraisal District”) is responsible for the recording and appraisal of all property in the District. Under the Code, the District’s Board sets the tax rates on property and the Appraisal District’s tax department 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 four 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 \$12,012,167,695. The District levied taxes based on a combined tax rate of \$1.3071 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 (HB3), 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. HB3 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 HB3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB3 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 June 30, 2021, the District’s recapture liability was \$15,225,243. This amount was incorporated into the District’s budget and is included in the due to other governments total on the balance sheet (see Note 4). Under HB3, 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 an initial lump-sum payment in August and then a subsequent payment in October for an adjustment made to the 2020-2021 recapture liability subsequent to year-end.

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. The District is also required to make payments to the State for recapture (see Note 3). These amounts are reported in the basic financial statements as Due from/to Other Governments and are summarized below as of June 30, 2021.

	General Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 2,420,359	-	2,420,359
Federal and state grants	-	5,688,911	5,688,911
Total due from other governments	<u>\$ 2,420,359</u>	<u>5,688,911</u>	<u>8,109,270</u>
Recapture liability	<u>\$ 15,225,243</u>	-	<u>15,225,243</u>
Total due to other governments	<u>\$ 15,225,243</u>	<u>-</u>	<u>15,225,243</u>

5. Interfund Receivables, Payables and Transfers

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 June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 5,103,420
General Fund	Debt Service Fund	143,697
General Fund	Capital Projects Fund	918,355
Capital Projects Fund	Debt Service Fund	141,495
Nonmajor Governmental Funds	General Fund	779,487
Fiduciary Fund	General Fund	<u>1,158,390</u>
Total		<u>\$ 8,244,844</u>

During the year, the General Fund transferred \$3,896 to the Nonmajor Governmental Funds to supplement revenue received in the current year. The Nonmajor Governmental Funds transferred \$1,372,665 to the Capital Projects Fund to reimburse expenditures initially paid out of the Capital Projects Fund with state grant funds received during the current year.

6. Unearned Revenue

At June 30, 2021, unearned revenue in governmental funds consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Local programs	\$ 6,990	-	6,990
State entitlements	392,578	-	392,578
Federal and state grants	-	90,516	90,516
Total	<u>\$ 399,568</u>	<u>90,516</u>	<u>490,084</u>

7. Capital Assets

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 32,520,369	9,215,751	-	41,736,120
Construction in progress	<u>82,988,478</u>	<u>25,477,811</u>	<u>(80,372,564)</u>	<u>28,093,725</u>
Total capital assets, not being depreciated	<u>115,508,847</u>	<u>34,693,562</u>	<u>(80,372,564)</u>	<u>69,829,845</u>
Capital assets, being depreciated:				
Buildings and improvements	483,179,996	3,096,984	80,372,564	566,649,544
Furniture and equipment	<u>18,671,306</u>	<u>429,898</u>	<u>-</u>	<u>19,101,204</u>
Total capital assets being depreciated	<u>501,851,302</u>	<u>3,526,882</u>	<u>80,372,564</u>	<u>585,750,748</u>
Less accumulated depreciation for:				
Buildings and improvements	(122,910,923)	(14,199,648)	-	(137,110,571)
Furniture and equipment	<u>(11,891,396)</u>	<u>(1,612,138)</u>	<u>-</u>	<u>(13,503,534)</u>
Total accumulated depreciation	<u>(134,802,319)</u>	<u>(15,811,786)</u>	<u>-</u>	<u>(150,614,105)</u>
Total capital assets, being depreciated, net	<u>367,048,983</u>	<u>(12,284,904)</u>	<u>80,372,564</u>	<u>435,136,643</u>
Governmental activities capital assets, net	<u>\$ 482,557,830</u>	<u>22,408,658</u>	<u>-</u>	<u>504,966,488</u>

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

Governmental activities:

Instruction	\$ 9,158,612
Instructional resources and media services	692,101
Instructional leadership	8,550
School leadership	427,634
Health services	87,061
Student transportation	1,505,992
Food services	1,544,499
Extracurricular activities	1,693,707
General administration	458,418
Facilities maintenance and operations	185,319
Data processing services	35,424
Community services	14,469
Total depreciation expense - governmental activities	<u>\$ 15,811,786</u>

8. Deferred Charges on Bond Refundings

The following is a summary of changes in deferred charges on bond refundings for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Deferred charges on refundings	<u>\$ 9,145,471</u>	<u>915,000</u>	<u>(925,143)</u>	<u>9,135,328</u>

9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
General obligation bonds	\$ 431,530,000	-	(19,765,000)	411,765,000
Premiums on bonds	<u>53,001,338</u>	<u>1,072,832</u>	<u>(4,052,778)</u>	<u>50,021,392</u>
Total debt payable - principal	484,531,338	1,072,832	(23,817,778)	461,786,392
Accretion on capital appreciation bonds	<u>373,897</u>	<u>10,242</u>	<u>-</u>	<u>384,139</u>
Total debt payable	<u>\$ 484,905,235</u>	<u>1,083,074</u>	<u>(23,817,778)</u>	<u>462,170,531</u>

Bonded debt consists of the following at June 30, 2021:

General obligation bonds:

Series	Date of Issue	Amounts of Original Issue	Matures Through	Interest Rate	Outstanding at 6-30-21	Due Within One Year
2010	5-19-10	\$ 1,830,000	2022	2.00 - 3.38%	\$ 215,000	\$ 215,000
2011	4-27-11	2,905,000	2022	2.00 - 3.25%	335,000	335,000
2012	8-1-18 (remarket)	17,125,000	2022	2.52%	30,000	30,000
2013-A	2-20-13	61,195,000	2026	1.00 - 5.00%	32,460,000	5,965,000
2016-A	2-4-16	90,715,000	2040	3.00 - 5.00%	86,655,000	2,180,000
2016-B	8-3-20 (remarket)	39,745,000	2042	2.00 - 7.00%	23,455,000	-
2017	2-23-17	35,005,000	2035	2.00 - 5.00%	30,895,000	2,955,000
2017-A	11-30-17	71,530,000	2035	2.00 - 5.00%	70,115,000	2,315,000
2019-A	2-7-19	77,680,000	2041	3.00 - 5.00%	75,170,000	-
2019-B	2-26-19	39,780,000	2045	2.75 - 7.00%	39,780,000	-
2019-C	7-25-19	16,040,000	2035	3.00 - 5.00%	15,760,000	-
2019-D	7-25-19	14,240,000	2035	3.00 - 5.00%	14,070,000	-
2020	2-6-20	<u>22,825,000</u>	2036	4.00 - 5.00%	<u>22,825,000</u>	<u>3,470,000</u>
Total		<u>\$ 490,615,000</u>			<u>\$ 411,765,000</u>	<u>\$ 17,465,000</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 prohibits 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's debt service rate for tax year 2020 was \$0.329.

On August 3, 2020, the District remarketed \$23,455,000 of its Series 2016-B Bonds in order to lower its overall debt service requirements. As part of the remarketing, the District elected to prepay \$5,000,000 of the Series 2016-B Bonds prior to the scheduled maturity. Due to the remarketing, the District will achieve savings of \$6,209,700.

The annual principal installments for each of the outstanding issues vary each year. As of June 30, 2021, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 17,465,000	17,723,919	35,188,919
2023	20,065,000	16,891,650	36,956,650
2024	14,990,000	16,846,825	31,836,825
2025	15,590,000	16,604,300	32,194,300
2026	16,235,000	15,973,700	32,208,700
2027 - 2031	84,275,000	68,019,400	152,294,400
2032 - 2036	107,060,000	44,553,950	151,613,950
2037 - 2041	99,985,000	21,240,575	121,225,575
2042 - 2045	36,100,000	4,124,000	40,224,000
Total	<u>\$ 411,765,000</u>	<u>221,978,319</u>	<u>633,743,319</u>

The outstanding Series 2012 Bonds include both Serial and Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

The Series 2016-B Bonds are variable interest bonds and will bear interest at a per annum rate of 2.00% through July 31, 2023. Thereafter, the bonds will bear interest at a rate or rates determined by the remarketing agent as provided in the bond order.

The Series 2019-B Bonds are variable interest bonds and will bear interest at a per annum rate of 2.75% through July 31, 2022. Thereafter, the bonds will bear interest at a rate or rates determined by the remarketing agent as provided in the bond order.

As of June 30, 2021, there are no unlimited tax bonds authorized by the voters of the District, but unissued.

10. 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, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. 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 15.

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 the authority to assign fund balance for a specific purpose to the Superintendent or the Chief Financial Officer.

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.

11. Revenues from Local and Intermediate Sources

For the year ended June 30, 2021, revenues from local and intermediate sources in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$113,570,423	38,194,861	-	-	151,765,284
Food service	-	-	-	558,054	558,054
Investment income	38,415	33,673	59,669	-	131,757
Penalties, interest, and other tax related income	356,934	115,336	-	-	472,270
Tuition and fees from patrons	430,873	-	-	-	430,873
Co-curricular student activities	288,341	-	-	-	288,341
Other	405,947	-	-	1,835,809	2,241,756
Total	\$115,090,933	38,343,870	59,669	2,393,863	155,888,335

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 workload 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.

	2020	2021
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		\$ 2,642,085
FY 2021 Member Contributions		\$ 6,945,176
FY 2021 NECE On-behalf Contributions		\$ 5,548,693

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5% 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 rolled forward to August 31, 2020 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	100.00%		7.33%

(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.

	1% Decrease in Discount Rate <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase in Discount Rate <u>(8.25%)</u>
District's proportionate share of the net pension liability	\$ 47,708,034	\$ 30,939,421	\$ 17,315,291

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

At June 30, 2021, the District reported a liability of \$30,939,421 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	\$ 30,939,421
State's proportionate share that is associated with the District	<u>66,175,493</u>
Total	<u>\$ 97,114,914</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 0.0578% which was a decrease of 0.0054% 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 June 30, 2021, the District recognized pension expense of \$5,149,154 and revenue of \$7,959,442 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 56,493	\$ 863,437
Changes in actuarial assumptions	7,179,046	3,052,481
Difference between projected and actual investment earnings	626,342	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,179,172	1,981,585
Contributions paid to TRS subsequent to the measurement date	<u>2,268,256</u>	-
Total	<u>\$ 12,309,309</u>	<u>\$ 5,897,503</u>

The \$2,268,256 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 June 30, 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:

	<u>Pension Expense Amount</u>
Year ended June 30:	
2022	\$ 1,485,246
2023	1,637,675
2024	1,498,934
2025	286,801
2026	(646,747)
Thereafter	(118,359)

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; 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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to the TRS-Care plan by type of contributor.

	2020	2021
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		\$ 742,836
FY 2021 Member Contributions		\$ 602,035
FY 2021 NECE On-behalf Contributions		\$ 924,782

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	\$ 40,996,909	\$ 34,164,156	\$ 28,767,262

Healthcare Cost Trend Rates - The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rate that is 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	\$ 27,907,738	\$ 34,164,156	\$ 42,496,820

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

At June 30, 2021, the District reported a liability of \$34,164,156 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	\$ 34,164,156
State's proportionate share that is associated with the District	<u>45,908,436</u>
Total	<u>\$ 80,072,592</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 0.0899% which was an increase of 0.0006% 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 June 30, 2021, the District recognized OPEB expense of (\$171,887) and revenue of (\$211,758) for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,788,822	\$ 15,635,265
Changes in actuarial assumptions	2,107,218	9,381,654
Difference between projected and actual investment earnings	11,102	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,397,386	-
Contributions paid to TRS subsequent to the measurement date	<u>631,560</u>	<u>-</u>
Total	<u>\$ 7,936,088</u>	<u>\$ 25,016,919</u>

The \$631,560 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 June 30, 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 June 30:	
2022	\$ (2,984,785)
2023	(2,986,270)
2024	(2,987,118)
2025	(2,986,886)
2026	(2,074,347)
Thereafter	(3,692,985)

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 government to TRS on behalf of the District. For the year ended June 30, 2021, reimbursements of \$444,063 were received by TRS and allocated to the District.

15. Risk Management

The District’s risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended June 30, 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.

16. Shared Services Arrangements

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) to operate a Juvenile Justice Alternative Education Program (“JJAEP”) in compliance with the Texas Education Code, Section 37.011 for the member districts listed below. All services are provided by the fiscal agent and the member districts provide the funds to the fiscal agent. The District has accounted for the fiscal agent’s activities of the SSA in a special revenue fund, SSA- JJAEP. Contributions from the SSA are summarized below:

Round Rock ISD	\$ 535,873
Georgetown ISD	465,906
Leander ISD	243,397
Liberty Hill ISD	87,148
Jarrell ISD	22,283
Taylor ISD	18,472
Hutto ISD	9,165
Florence ISD	7,753
Thrall ISD	7,333
Total	<u>\$ 1,397,330</u>

17. Commitments and Contingencies

The District participates in a number of federal financial assistance programs. Although the District’s grant programs have been audited in accordance with the provisions of the Uniform Guidance through June 30, 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.

At June 30, 2021, the District is also committed under construction contracts with a remaining balance of \$6,813,914.

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 concluded at this time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

18. Subsequent Events

On October 18, 2021, the District entered into a \$15,000,000 Tax and Revenue Anticipation Note.

On November 2, 2021, a bond election was held in which \$349,920,000 of bonds were approved by voters of the District.

**Required
Supplementary Information**

Georgetown Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas
6/30/2021**

	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*
District's proportion of the net pension liability	0.0578%	0.0632%	0.0619%	0.0569%	0.0560%	0.0582%	0.0349%	0.0349%
District's proportionate share of the net pension liability	\$ 30,939,421	\$ 32,840,293	\$ 34,067,106	\$ 18,990,877	\$ 21,144,860	\$ 20,570,875	\$ 9,315,328	\$ 11,438,456
State's proportionate share of the net pension liability associated with the District	66,175,493	59,122,547	64,195,508	36,662,334	43,883,561	42,337,506	36,251,770	44,500,569
Total	<u>\$ 97,114,914</u>	<u>\$ 91,962,840</u>	<u>\$ 98,262,614</u>	<u>\$ 55,653,211</u>	<u>\$ 65,028,421</u>	<u>\$ 62,908,381</u>	<u>\$ 45,567,098</u>	<u>\$ 55,939,025</u>
District's covered-employee payroll (for Measurement Year)	\$ 85,151,496	\$ 78,139,042	74,949,949	69,913,028	66,607,159	64,530,870	62,196,419	59,984,509
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	36.33%	42.03%	45.45%	27.16%	31.75%	31.88%	14.98%	19.07%
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.

Georgetown 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	\$ 2,642,085	\$ 2,375,357	\$ 2,190,233	\$ 2,053,125	\$ 1,927,773
Contributions in relation to the contractual required contributions	<u>2,642,085</u>	<u>2,375,357</u>	<u>2,190,233</u>	<u>2,053,125</u>	<u>1,927,773</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 92,620,735	84,136,033	77,339,088	74,173,067	69,404,876
Contributions as a percentage of covered payroll	2.85%	2.82%	2.83%	2.77%	2.78%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 1,762,541	\$ 1,584,974	\$ 866,551	\$ 765,336	\$ 838,979
Contributions in relation to the contractual required contributions	<u>1,762,541</u>	<u>1,584,974</u>	<u>866,551</u>	<u>765,336</u>	<u>838,979</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 66,275,061	64,116,844	61,800,442	60,202,270	63,495,301
Contributions as a percentage of covered payroll	2.66%	2.47%	1.40%	1.27%	1.32%

Georgetown Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System of Texas
6/30/2021**

	2020*	2019*	2018*	2017*
District's proportion of the net OPEB liability	0.0899%	0.0893%	0.0879%	0.0821%
District's proportionate share of the net OPEB liability	\$ 34,164,156	\$ 42,251,734	\$ 43,864,567	\$ 35,690,013
State's proportionate share of the net OPEB liability associated with the District	45,908,436	56,143,102	65,678,898	55,852,544
Total	<u>\$ 80,072,592</u>	<u>\$ 98,394,836</u>	<u>\$ 109,543,465</u>	<u>\$ 91,542,557</u>
District's covered-employee payroll (for Measurement Year)	\$ 85,151,496	\$ 78,139,042	74,949,949	69,913,028
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	40.12%	54.07%	58.53%	51.05%
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.

Georgetown 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	\$ 742,836	\$ 679,302	\$ 626,203	\$ 573,500	\$ 425,936
Contributions in relation to the contractual required contributions	<u>742,836</u>	<u>679,302</u>	<u>626,203</u>	<u>573,500</u>	<u>425,936</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 92,620,735	84,136,033	77,339,088	74,173,067	69,404,876
Contributions as a percentage of covered payroll	0.80%	0.81%	0.81%	0.77%	0.61%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions	\$ 425,454	\$ 378,247	\$ 374,699	\$ 370,161	\$ 383,283
Contributions in relation to the contractual required contributions	<u>425,454</u>	<u>378,247</u>	<u>374,699</u>	<u>370,161</u>	<u>383,283</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 66,275,061	64,116,844	61,800,442	60,202,270	63,495,301
Contributions as a percentage of covered payroll	0.64%	0.59%	0.61%	0.61%	0.60%

Georgetown Independent School District

Note to Required Supplementary Information Year Ended June 30, 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**

**Georgetown Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021**

	211	224	225	240	244	255	263	266	281	282	287	289
	Title I Grants to Local Educational Agencies	Special Education Grants to States	Special Education Preschool Grants	National School Breakfast and Lunch Program	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants	English Language Acquisition State Grants	Education Stabilization Fund ESSER I	Education Stabilization Fund ESSER II	Education Stabilization Fund ESSER III	Federal General Fund	Provider Relief Fund
Assets:												
Cash and temporary investments \$	-	-	-	1,500	-	-	-	-	-	-	685	-
Receivables:												
Due from other governments	282,763	328,495	5,750	272,909	6,449	35,332	15,405	-	3,250,000	1,060,876	-	-
Due from other funds	-	-	-	41,855	-	-	-	-	-	-	-	-
Other	-	-	-	53,622	-	-	-	-	-	-	-	-
Inventory	-	-	-	90,516	-	-	-	-	-	-	-	-
Other assets	-	-	-	524,803	-	-	-	-	-	-	-	-
Total assets	<u>\$ 282,763</u>	<u>328,495</u>	<u>5,750</u>	<u>985,205</u>	<u>6,449</u>	<u>35,332</u>	<u>15,405</u>	<u>-</u>	<u>3,250,000</u>	<u>1,060,876</u>	<u>685</u>	<u>-</u>
Liabilities and fund balances:												
Liabilities:												
Accounts payable \$	27,981	9,574	-	145,995	-	6,995	3,977	-	-	-	-	-
Payroll deductions and withholdings payable	484	399	23	1,372	-	-	-	-	-	-	-	-
Accrued wages payable	91,876	163,586	3,476	222,519	-	-	-	-	-	-	-	-
Due to other funds	162,422	154,936	2,251	-	6,449	28,337	11,428	-	3,250,000	1,060,876	-	-
Unearned revenue	-	-	-	90,516	-	-	-	-	-	-	-	-
Total liabilities	<u>282,763</u>	<u>328,495</u>	<u>5,750</u>	<u>460,402</u>	<u>6,449</u>	<u>35,332</u>	<u>15,405</u>	<u>-</u>	<u>3,250,000</u>	<u>1,060,876</u>	<u>-</u>	<u>-</u>
Fund balances:												
Nonspendable	-	-	-	524,803	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	685	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>685</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 282,763</u>	<u>328,495</u>	<u>5,750</u>	<u>985,205</u>	<u>6,449</u>	<u>35,332</u>	<u>15,405</u>	<u>-</u>	<u>3,250,000</u>	<u>1,060,876</u>	<u>685</u>	<u>-</u>

(continued)

**Georgetown Independent School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2021**

	289	385	397	410	429	459	461	498	499	
	Student Support and Academic Enrichment Program	State Supplemental Visually	Advanced Placement	State Instructional Materials	Other State	SSA JJAEP	Campus Activity	KLE Blended Learning Grant	Local Grants	Total Special Revenue Funds
Assets:										
Cash and temporary investments	\$ -	-	14,761	-	8	-	-	1,940	143,463	162,357
Receivables:										
Due from other governments	18,812	-	-	222,892	189,228	-	-	-	-	5,688,911
Due from other funds	-	-	-	-	-	263,054	474,578	-	-	779,487
Other	-	-	-	-	-	-	-	-	-	53,622
Inventory	-	-	-	-	-	-	-	-	-	90,516
Other assets	-	-	-	-	-	-	-	-	-	524,803
Total assets	<u>\$ 18,812</u>	<u>-</u>	<u>14,761</u>	<u>222,892</u>	<u>189,236</u>	<u>263,054</u>	<u>474,578</u>	<u>1,940</u>	<u>143,463</u>	<u>7,299,696</u>
Liabilities and fund balances:										
Liabilities:										
Accounts payable	\$ 3,075	-	-	-	-	65	4,860	-	1,445	203,967
Payroll deductions and withholdings payable	-	-	-	-	-	448	-	-	-	2,726
Accrued wages payable	-	-	-	-	-	131,419	-	-	-	612,876
Due to other funds	15,737	-	-	222,892	183,636	-	-	-	4,456	5,103,420
Unearned revenue	-	-	-	-	-	-	-	-	-	90,516
Total liabilities	<u>18,812</u>	<u>-</u>	<u>-</u>	<u>222,892</u>	<u>183,636</u>	<u>131,932</u>	<u>4,860</u>	<u>-</u>	<u>5,901</u>	<u>6,013,505</u>
Fund balances:										
Nonspendable	-	-	-	-	-	-	-	-	-	524,803
Committed	-	-	-	-	-	-	469,718	-	-	469,718
Assigned	-	-	14,761	-	5,600	131,122	-	1,940	137,562	291,670
Total fund balances	<u>-</u>	<u>-</u>	<u>14,761</u>	<u>-</u>	<u>5,600</u>	<u>131,122</u>	<u>469,718</u>	<u>1,940</u>	<u>137,562</u>	<u>1,286,191</u>
Total liabilities and fund balances	<u>\$ 18,812</u>	<u>-</u>	<u>14,761</u>	<u>222,892</u>	<u>189,236</u>	<u>263,054</u>	<u>474,578</u>	<u>1,940</u>	<u>143,463</u>	<u>7,299,696</u>

**Georgetown Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2021**

	211	224	225	240	244	255	263	266	281	282	287	289
	Title I Grants to Local Educational Agencies	Special Education Grants to States	Special Education Preschool Grants	National School Breakfast and Lunch Program	Career and Technical Education - Basic Grants to States	Supporting Effective Instruction State Grants	English Language Acquisition State Grants	Education Stabilization Fund ESSER I	Education Stabilization Fund ESSER II	Education Stabilization Fund ESSER III	Federal General Fund	Provider Relief Fund
Revenues:												
Local and intermediate sources	\$ -	-	-	558,054	-	-	-	-	-	-	-	-
State program revenues	-	-	-	62,259	-	-	-	-	-	-	-	-
Federal program revenues	1,278,498	1,869,379	24,440	3,705,029	108,327	226,441	156,266	1,565,886	3,250,000	1,060,876	-	25,323
Total revenues	1,278,498	1,869,379	24,440	4,325,342	108,327	226,441	156,266	1,565,886	3,250,000	1,060,876	-	25,323
Expenditures:												
Instruction	985,422	1,166,727	24,440	-	108,327	13,110	124,342	24,528	3,250,000	696,141	-	25,323
Instructional resources and media services	-	-	-	-	-	-	-	-	-	7,755	-	-
Curriculum and staff development	32,148	3,384	-	-	-	213,243	9,700	-	-	9,300	-	-
Instructional leadership	149,968	-	-	-	-	88	19,150	34,758	-	17,227	-	-
School leadership	-	-	-	-	-	-	-	-	-	66,913	-	-
Guidance, counseling and evaluation services	-	640,039	-	-	-	-	-	-	-	32,728	-	-
Social work services	17,327	-	-	-	-	-	-	-	-	1,291	-	-
Health services	-	-	-	-	-	-	-	-	-	10,330	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	66,361	-	-
Food services	-	-	-	4,059,498	-	-	-	-	-	46,344	-	-
Extracurricular activities	-	-	-	-	-	-	-	-	-	2,062	-	-
General administration	-	-	-	-	-	-	-	-	-	16,506	-	-
Facilities maintenance and operations	-	-	-	-	-	-	-	-	-	67,082	-	-
Security and monitoring services	-	-	-	-	-	-	-	-	-	-	-	-
Data processing services	-	-	-	-	-	-	-	-	-	12,397	-	-
Community services	93,633	59,229	-	-	-	-	3,074	-	-	7,922	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,506,600	-	517	-	-
Total expenditures	1,278,498	1,869,379	24,440	4,059,498	108,327	226,441	156,266	1,565,886	3,250,000	1,060,876	-	25,323
Excess (deficiency) of revenues over (under) expenditures	-	-	-	265,844	-	-	-	-	-	-	-	-
Other Financing Sources (Uses):												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	265,844	-	-	-	-	-	-	-	-
Fund balances - beginning	-	-	-	258,959	-	-	-	-	-	-	685	-
Fund balances - ending	\$ -	-	-	524,803	-	-	-	-	-	-	685	-

(continued)

**Georgetown Independent School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended June 30, 2021**

	289	385	397	410	429	459	461	498	499	
	Student Support and Academic Enrichment Program	State Supplemental Visually	Advanced Placement	State Instructional Materials	Other State	SSA JJAEP	Campus Activity	KLE Blended Learning	Local Grants	Total Special Revenue Funds
Revenues:										
Local and intermediate sources	\$ -	-	-	-	-	1,397,330	298,204	-	140,275	2,393,863
State program revenues	-	4,500	13,500	1,159,373	1,562,121	-	-	-	-	2,801,753
Federal program revenues	77,586	-	-	-	-	-	-	-	-	13,348,051
Total revenues	77,586	4,500	13,500	1,159,373	1,562,121	1,397,330	298,204	-	140,275	18,543,667
Expenditures:										
Instruction	39,880	4,500	-	1,159,373	-	996,546	305,738	-	75,453	8,999,850
Instructional resources and media services	-	-	-	-	-	-	-	-	8,356	16,111
Curriculum and staff development	37,706	-	-	-	208	-	-	-	-	305,689
Instructional leadership	-	-	-	-	-	-	-	-	-	221,191
School leadership	-	-	-	-	-	202,835	-	-	4,121	273,869
Guidance, counseling and evaluation services	-	-	-	-	-	49,318	-	-	-	722,085
Social work services	-	-	-	-	-	76,343	-	-	-	94,961
Health services	-	-	-	-	-	42,426	-	-	-	52,756
Student Transportation	-	-	-	-	-	-	-	-	-	66,361
Food services	-	-	-	-	-	-	-	-	-	4,105,842
Extracurricular activities	-	-	-	-	-	-	-	-	240	2,302
General administration	-	-	-	-	-	-	12,839	-	-	29,345
Facilities maintenance and operations	-	-	-	-	9,213	-	-	-	-	76,295
Security and monitoring services	-	-	-	-	180,035	-	-	-	-	180,035
Data processing services	-	-	-	-	-	2,851	-	-	-	15,248
Community services	-	-	-	-	-	-	-	-	-	163,858
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	1,507,117
Total expenditures	77,586	4,500	-	1,159,373	189,456	1,370,319	318,577	-	88,170	16,832,915
Excess (deficiency) of revenues over (under) expenditures	-	-	13,500	-	1,372,665	27,011	(20,373)	-	52,105	1,710,752
Other Financing Sources (Uses):										
Transfers in	-	-	-	-	-	-	3,896	-	-	3,896
Transfers out	-	-	-	-	(1,372,665)	-	-	-	-	(1,372,665)
Total other financing sources (uses)	-	-	-	-	(1,372,665)	-	3,896	-	-	(1,368,769)
Net change in fund balance	-	-	13,500	-	-	27,011	(16,477)	-	52,105	341,983
Fund balances - beginning	-	-	1,261	-	5,600	104,111	486,195	1,940	85,457	944,208
Fund balances - ending	\$ -	-	14,761	-	5,600	131,122	469,718	1,940	137,562	1,286,191

Georgetown Independent School District
Major Governmental Fund - Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 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	\$ 38,677,114	38,677,114	38,343,870	(333,244)
State program revenues	300,000	300,000	312,800	12,800
Total revenues	<u>38,977,114</u>	<u>38,977,114</u>	<u>38,656,670</u>	<u>(320,444)</u>
Expenditures:				
Principal on long-term debt	13,850,000	18,850,000	18,850,000	-
Interest on long-term debt	18,575,880	18,575,880	18,071,324	504,556
Other debt service expenditures	25,000	177,708	174,708	3,000
Total expenditures	<u>32,450,880</u>	<u>37,603,588</u>	<u>37,096,032</u>	<u>507,556</u>
Excess of revenues over expenditures	6,526,234	1,373,526	1,560,638	187,112
Other Financing Sources (Uses):				
Premium on sale of bonds	-	1,072,832	1,072,832	-
Payment to refunded bond escrow agent	-	(915,000)	(915,000)	-
Total other financing sources, net	-	157,832	157,832	-
Net change in fund balance	6,526,234	1,531,358	1,718,470	187,112
Fund balance - beginning	<u>35,840,509</u>	<u>35,840,509</u>	<u>35,840,509</u>	-
Fund balance - ending	<u>\$ 42,366,743</u>	<u>37,371,867</u>	<u>37,558,979</u>	<u>187,112</u>

Georgetown Independent School District
Nonmajor Special Revenue Fund - Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 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	\$ 2,249,917	1,449,917	558,054	(891,863)
State program revenues	200,682	200,682	62,259	(138,423)
Federal program revenues	2,992,662	2,992,662	3,705,029	712,367
Total revenues	<u>5,443,261</u>	<u>4,643,261</u>	<u>4,325,342</u>	<u>(317,919)</u>
Expenditures-				
Food services	5,392,477	4,992,477	4,059,498	932,979
Total expenditures	<u>5,392,477</u>	<u>4,992,477</u>	<u>4,059,498</u>	<u>932,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50,784</u>	<u>(349,216)</u>	<u>265,844</u>	<u>615,060</u>
Fund balance - beginning	<u>258,959</u>	<u>258,959</u>	<u>258,959</u>	<u>-</u>
Fund balance - ending	<u>\$ 309,743</u>	<u>(90,257)</u>	<u>524,803</u>	<u>615,060</u>

Other Schedules

Georgetown Independent School District
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2021

Years Ended	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 6/30/2020	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 6/30/2021
	Maintenance	Debt Service							
2012 and prior	Various	Various	\$ -	\$ 286,116	-	29,712	7,488	(30,748)	218,168
2013	1.0800	0.3180	5,758,004,414	75,433	-	5,303	1,561	(109)	68,460
2014	1.0800	0.3180	6,009,212,317	79,424	-	3,756	1,106	(2,885)	71,677
2015	1.0800	0.3180	6,715,741,558	102,029	-	9,664	2,845	(2,885)	86,635
2016	1.0800	0.3180	7,468,411,433	102,823	-	10,674	3,143	(2,689)	86,317
2017	1.0800	0.3290	8,384,248,027	119,842	-	12,518	3,814	(490)	103,020
2018	1.0800	0.3290	9,272,908,872	188,347	-	29,250	8,910	(2,769)	147,418
2019	1.0800	0.3290	10,661,100,028	283,255	-	32,569	9,922	(10,249)	230,515
2020	1.0100	0.3290	11,449,620,176	2,217,175	-	1,389,167	452,511	(100,197)	275,300
2021	0.9781	0.3290	12,012,167,695	-	151,707,474	112,199,777	37,740,238	541,306	2,308,765
Totals				\$ 3,454,444	151,707,474	113,722,390	38,231,538	388,285	3,596,275

Georgetown Independent School District
Exhibit J-4 - Use of Funds Report - Select State Allotment Programs
For the Year Ended June 30, 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.	\$ 7,429,724
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)	\$ 4,113,476
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.	\$ 1,140,867
AP8	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25, 35)	\$ 639,947

Georgetown Independent School District
Exhibit L-1 - Required Responses to Selected
School First Indicators
as of June 30, 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 its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 384,139

Federal Awards Section



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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
Georgetown Independent School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Georgetown Independent School District (the "District"), as of and for the year ended June 30, 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 November 12, 2021.

Internal Control Over Financial Reporting

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

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

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

Compliance and Other Matters

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

Purpose of this Report

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

Maxwell Locke & Ritter LLP

Austin, Texas
November 12, 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
Georgetown Independent School District:

Report on Compliance for Each Major Federal Program

We have audited Georgetown 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 June 30, 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

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of 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 June 30, 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 a 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
November 12, 2021

Georgetown Independent School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 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	20610101246904	\$ 270,957
Title I Grants to Local Educational Agencies	84.010A	21610101246904	846,625
Title I Grants to Local Educational Agencies	84.010A	20610103246904	6,902
Title I Grants to Local Educational Agencies	84.010A	21610103246904	89,590
Title I Grants to Local Educational Agencies	84.010A	20610141246904	1,139
Title I Grants to Local Educational Agencies	84.010A	21610141246904	63,285
Total - 84.010A			1,278,498
Special Education Cluster:			
Special Education Grants to States	84.027A	206600012469046600	264,196
Special Education Grants to States	84.027A	216600012469046600	1,605,183
Total - 84.027A			1,869,379
Special Education Preschool Grants	84.173A	216610012469046610	24,440
Total Special Education Cluster			1,893,819
Career and Technical Education - Basic Grants to States	84.048A	20420006246904	14,191
Career and Technical Education - Basic Grants to States	84.048A	21420006246904	94,136
Total - 84.048A			108,327
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	20694501246904	42,566
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	21694501246904	183,875
Total - 84.367A			226,441
English Language Acquisition State Grants	84.365A	20671001246904	76,156
English Language Acquisition State Grants	84.365A	21671001246904	80,110
Total - 84.365A			156,266
COVID-19 Education Stabilization Fund	84.425D	20521001246904	59,286
COVID-19 Education Stabilization Fund	84.425D	52102035	1,506,600
COVID-19 Education Stabilization Fund	84.425D	21521001246904	3,250,000
COVID-19 Education Stabilization Fund	84.425U	21528001246904	1,060,876
Total - 84.425			5,876,762
Student Support and Enrichment Program	84.424A	20680101246904	57,178
Student Support and Enrichment Program	84.424A	21680101246904	20,408
Total - 84.365A			77,586
Total Passed Through Texas Education Agency			9,617,699
<u>Passed Through Williamson County Tax Assessor-</u>			
Impact Aid	84.041	(1)	24,569
Total Department of Education			9,642,268

(continued)

**Georgetown Independent School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021 (Continued)**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
<u>Passed Through Texas Education Agency:</u>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	71302001	130,708
National School Lunch Program	10.555	71302101	2,099,715
School Breakfast Program	10.553	71402001	61,123
School Breakfast Program	10.553	71402101	760,872
Total - 10.553			821,995
Total Passed Through Texas Education Agency			3,052,418
<u>Passed Through the Texas Department of Human Services-</u>			
Non-cash assistance - Food Distribution Program	10.555	01148	369,645
<u>Passed Through Texas Department of Agriculture:</u>			
Child and Adult Care Food Program	10.558	01148	39,382
COVID-19 Child and Adult Care Food Program	10.558	01148	36,121
Total - 10.558			75,503
Child Nutrition Cluster-			
COVID-19 National School Lunch Program	10.555	NSLP-18-TX-01	207,463
Total Passed Through Texas Department of Agriculture			282,966
Total - 10.555			2,807,531
Total Child Nutrition Cluster			3,629,526
Total Department of Agriculture			3,705,029
<u>U.S. Department of Treasury</u>			
<u>Passed Through Williamson County-</u>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	1,214,100
<u>Passed Through Texas Division of Emergency Management-</u>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	59,822
Total - 21.019			1,273,922
Total Department of Treasury			1,273,922
Total Expenditures of Federal Awards			\$ 14,621,219

(1) - Federal funds received in lieu of taxes.

The accompanying notes are an integral part of this schedule.

Georgetown Independent School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Georgetown Independent School District (the "District") under programs of the federal government for the year ended June 30, 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, the School Breakfast Program, the Child and Adult Care Food 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, the School Breakfast Program, the Child and Adult Care Food 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.

Provider Relief Fund

The District incurred \$25,323 of expenditures related to the Provider Relief Fund during the year ended June 30, 2021, which is reflected in the District's basic financial statements in a special revenue fund. Based on the guidance from the *OMB Compliance Supplement*, since the District received the payment for the Provider Relief Fund in August 2020 which is not in Period 1 as defined in the *OMB Compliance Supplement*, expenditures are not reported on the Schedule.

Georgetown Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 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 each major federal program:

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

Type of auditors' report issued on compliance for each major federal program:

Child Nutrition Cluster

Unmodified

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

Georgetown Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Identification of the major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	COVID-19 National School Lunch Program
10.555	Non-cash Food Distribution Program
84.425D/84.425U	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

Georgetown Independent School District

Schedule of Findings and Questioned Costs Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no findings required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2021. There was one finding required to be reported in accordance with *Government Auditing Standards* for the year ended June 30, 2020. Refer to the Summary Schedule of Prior Audit Finding for the current status of the finding reported.

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 June 30, 2021 and 2020.



Georgetown Independent School District

Summary Schedule of the Prior Audit Finding (Auditee Prepared)
Year Ending June 30, 2021

Finding 2020-001

Condition: The instruction, curriculum and staff development, school leadership, social work services, student transportation, facilities maintenance and operations, data processing services, and contracted instructional services between public schools functions in the General Fund exceeded budgeted amounts by \$597,334, \$59,677, \$5,001, \$244, \$855,911, \$235,385, \$58,932 and \$747,310, respectively, for the year ended June 30, 2020. The food services function in the Food Service Fund exceeded the budgeted amount by \$293,701 for the year ended June 30, 2020.

Status of Planned Corrective Action:

The District monitored actual expenditures by function incurred each month and amended the budgeted expenditures by function by the end of the fiscal year. All functions were complying at the end of the fiscal year with the exception of the contracted instructional services between public schools function in the General Fund. This function was initially in compliance but due to the timing of the Texas Education Agency's adjustments made subsequent to the end of the fiscal year it ended up being underestimated.