

ALEDO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022



Prepared by:
Aledo ISD Business Office

ALEDO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

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CERTIFICATE OF THE BOARD

Aledo Independent School District
Name of School District

Parker
County

184-907
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 17th day of January, 2023.

Jessica Brown
Signature of Board Vice President

Hoyt Harris
Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aledo Independent School District
Aledo, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Aledo Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Aledo Independent School District, as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Aledo Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aledo Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aledo Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aledo Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aledo Independent School District's basic financial statements. The combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023 on our consideration of Aledo Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Aledo Independent School District's internal control over financial reporting and compliance.

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

Waco, Texas
January 17, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Aledo Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2022. Please read this narrative in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$62,079,716 (*net position*).
- The District's net position decreased by \$2,843,938 as a result of this year's operations which was a decrease of approximately 4%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$46,667,570, a decrease of \$70,646,242 in comparison with the prior year. This decrease is primarily due to the district spending down bond funds in its capital projects fund.
- The General Fund ended the year with a fund balance of \$29,194,287, a decrease of \$2,532,643 from prior year.
- The resources available for appropriation were \$129,783 more than budgeted for the General Fund, largely due to the changes in local revenues estimated to be allocated to the district.
- The total cost of the District's programs in governmental activities was \$99,039,906 in the 2022 fiscal year, compared to the previous year's cost of \$88,729,634, an increase of \$10,310,272.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining statements for nonmajor funds are presented immediately following the required supplementary information and contain even more information about the District's individual funds. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that provides a budgetary schedule for the General Fund. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies.

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Instances in which the district is the trustee or agent for someone else's resources
Required Financial Statements	Statement of net position, Statement of activities	Balance sheet, Statement of revenues, expenditures & changes in fund balance	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows	A consumption or acquisition of net position applicable to a future period	A consumption or acquisition of fund balance applicable to a future period	A consumption or acquisition of net position applicable to a future period
Type of inflows/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the statement of net position and statement of activities. Their primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows (inflows) of resources and liabilities while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting, which is the same method used by most private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District has two kinds of activity:

Governmental Activities – All of the District’s basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Business-type Activities – All of the District’s enterprise activities are reported here, including the Pre-K Academy, Bearcat Store, Community Partners, and Stadium/Gym Advertising.

Reporting the District’s Most Significant Funds

Fund Financial Statements

The Fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U. S. Department of Education. The District’s administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has three fund types – governmental, proprietary, and fiduciary.

Governmental Funds – The District reports most of its basic services in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District’s general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District uses the business-type activities or Enterprise Funds to report activities for the District’s Pre-K Academy, Bearcat Store, Community Partners Program, and Stadium/Gym Advertising.

Fiduciary Funds – The District is the trustee, or fiduciary, for money raised by student activities and scholarships. All of the District’s fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the District’s other financial statements because the District cannot use them to support its operations.

Notes to the Financial Statements

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

Required Supplementary Information

The required supplementary information includes budgetary comparison information and pension and other postemployment benefits (OPEB) information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District’s governmental activities.

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$62,079,716 at the close of the most recent fiscal year.

TABLE 1
CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 65,457,501	\$ 140,427,914	\$ 134,670	\$ 178,805	\$ 65,592,171	\$ 140,606,719
Capital assets	<u>230,410,638</u>	<u>172,604,513</u>	<u>-</u>	<u>-</u>	<u>230,410,638</u>	<u>172,604,513</u>
Total assets	<u>295,868,139</u>	<u>313,032,427</u>	<u>134,670</u>	<u>178,805</u>	<u>296,002,809</u>	<u>313,211,232</u>
Deferred Outflows of Resources:						
Deferred charges for refunding	9,127,851	10,025,748	-	-	9,127,851	10,025,748
Teach Retirement System	<u>14,808,803</u>	<u>14,505,258</u>	<u>-</u>	<u>-</u>	<u>14,808,803</u>	<u>14,505,258</u>
Total deferred outflows of resources	<u>23,936,654</u>	<u>24,531,006</u>	<u>-</u>	<u>-</u>	<u>23,936,654</u>	<u>24,531,006</u>
Liabilities:						
Long-term liabilities	342,943,814	360,437,542	-	-	342,943,814	360,437,542
Other liabilities	<u>19,009,612</u>	<u>23,108,187</u>	<u>12,582</u>	<u>8,571</u>	<u>19,022,194</u>	<u>23,116,758</u>
Total liabilities	<u>361,953,426</u>	<u>383,545,729</u>	<u>12,582</u>	<u>8,571</u>	<u>361,966,008</u>	<u>383,554,300</u>
Deferred Inflows of Resources:						
Teacher Retirement System	<u>20,053,171</u>	<u>13,423,716</u>	<u>-</u>	<u>-</u>	<u>20,053,171</u>	<u>13,423,716</u>
Net position:						
Net investment in capital assets	(60,908,391)	(58,766,718)	-	-	(60,908,391)	(58,766,718)
Restricted	4,344,462	3,127,104	-	-	4,344,462	3,127,104
Unrestricted	<u>(5,637,875)</u>	<u>(3,766,398)</u>	<u>122,088</u>	<u>170,234</u>	<u>(5,515,787)</u>	<u>(3,596,164)</u>
Total net position	<u>\$(62,201,804)</u>	<u>\$(59,406,012)</u>	<u>\$ 122,088</u>	<u>\$ 170,234</u>	<u>\$(62,079,716)</u>	<u>\$(59,235,778)</u>

A large portion of the District's deficit net position, (\$60,908,391), reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, and accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's net investment in capital assets is a deficit primarily due to the long-term debt used to finance some of the District's capital assets maturing after capital assets are depreciated.

An additional portion of the District's net position, \$4,344,462, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$5,515,787), is a deficit. This is not an indication that the District has insufficient resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

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

TABLE 2
CONDENSED SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 2,316,035	\$ 2,274,836	\$ 229,394	\$ 246,807	\$ 2,545,429	\$ 2,521,643
Operating grants and contributions	8,172,580	7,690,482	-	-	8,172,580	7,690,482
General revenues:						
Maintenance and operations taxes	46,346,159	44,461,004	-	-	46,346,159	44,461,004
Debt service taxes	20,331,236	17,912,120	-	-	20,331,236	17,912,120
State aid - formula grants	18,329,511	15,243,135	-	-	18,329,511	15,243,135
Grants and contributions not restricted	119,444	59,000	-	-	119,444	59,000
Investment earnings	549,700	227,345	-	-	549,700	227,345
Miscellaneous local & intermediate revenue	181,490	86,917	-	-	181,490	86,917
Transfers	(102,041)	-	102,041	-	-	-
Total revenues	<u>96,244,114</u>	<u>87,954,839</u>	<u>331,435</u>	<u>246,807</u>	<u>96,575,549</u>	<u>88,201,646</u>
EXPENSES						
Instruction	51,722,635	45,952,256	-	-	51,722,635	45,952,256
Instructional resources and media services	1,095,607	729,195	-	-	1,095,607	729,195
Curriculum and staff development	830,139	831,329	-	-	830,139	831,329
Instructional leadership	821,918	848,384	-	-	821,918	848,384
School leadership	4,118,075	3,946,715	-	-	4,118,075	3,946,715
Guidance, counseling, and evaluation services	2,656,357	2,789,795	-	-	2,656,357	2,789,795
Health services	701,920	692,194	-	-	701,920	692,194
Student (pupil) transportation	3,853,347	3,399,524	-	-	3,853,347	3,399,524
Food service	3,512,188	2,586,394	-	-	3,512,188	2,586,394
Extracurricular activities	3,326,225	2,592,160	-	-	3,326,225	2,592,160
General administration	2,698,512	2,885,016	-	-	2,698,512	2,885,016
Facilities maintenance and operations	8,806,572	7,267,324	-	-	8,806,572	7,267,324
Security and monitoring services	1,051,245	942,683	-	-	1,051,245	942,683
Data processing services	1,800,733	1,532,413	-	-	1,800,733	1,532,413
Community services	113,576	-	-	-	113,576	-
Debt Service	10,727,502	10,656,957	-	-	10,727,502	10,656,957
Contracted instructional services between schools	348,258	251,135	-	-	348,258	251,135
Other intergovernmental charges	855,097	826,160	-	-	855,097	826,160
Aledo ISD Pre-K Academy	-	-	156,028	83,074	-	-
Aledo ISD Bearcat Store	-	-	78,161	44,712	-	-
Community Partners	-	-	5,791	1,499	-	-
Stadium/gym advertising	-	-	139,601	139,600	139,601	139,600
Total expenses	<u>99,039,906</u>	<u>88,729,634</u>	<u>379,581</u>	<u>268,885</u>	<u>99,179,507</u>	<u>88,869,234</u>
EXTRAORDINARY ITEM	-	(140,000)	-	-	-	(140,000)
CHANGE IN NET POSITION	(2,795,792)	(914,795)	(48,146)	(22,078)	(2,843,938)	(936,873)
NET POSITION, BEGINNING	(59,406,012)	(58,491,217)	170,234	192,312	(59,235,778)	(58,298,905)
NET POSITION, ENDING	<u>\$(62,201,804)</u>	<u>\$(59,406,012)</u>	<u>\$ 122,088</u>	<u>\$ 170,234</u>	<u>\$(62,079,716)</u>	<u>\$(59,235,778)</u>

The District's net position decreased by \$2,843,938 from the prior fiscal year. This change is primarily due to an increase in deferred inflows relating to pension and OPEB liabilities.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

General Fund revenue increased \$5,238,901 from the prior year due to changes to state funding based on increased student attendance, and an increase in the value of taxable property. General Fund expenditures increased by \$11,797,478 due primarily to staffing costs associated with opening Annetta Elementary and increased student enrollment, and general pay increase for employees. The net decrease to fund balance was \$2,532,643.

The Debt Service Fund had an increase in revenue of \$2,461,855 from the previous year due to increased value of taxable property. There was an increase of \$1,412,426 in expenditures from the previous year due to debt obligations. The net increase to fund balance was \$374,343.

The Capital Projects Fund had an increase in revenue of \$86,950. Expenditures in the Capital Projects Fund increased by \$3,307,454, primarily due to spending on multiple capital projects in progress. The net decrease to fund balance was \$69,706,712.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- 1) Amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we originally estimated).
- 2) Amendments to reflect unanticipated costs when developing the original budget. This type of amendment added \$4,501,141 to the original budget.

- 3) Amendments to move funds from programs that did not need all the resources originally appropriated to programs with resource needs.

The District's actual General Fund balance of \$29,194,287 differs from the General Fund's budgetary fund balance of \$28,820,667. The difference of \$373,620 is primarily due to actual local and intermediate revenues exceeding budgeted local and intermediate revenues by \$270,129 and actual expenditures being less than budgeted expenditures by \$345,378.

FUND BALANCES

Fund balance is the accumulated excess of revenues over expenditures during the life of a school District. At any given point, the amount in fund balance represents the difference between governmental fund assets and liabilities. Although fund balance may change drastically during the business cycle of a school District, the standard measuring point is at the fiscal year end.

The amount maintained in fund balance is critical. First, such balances indicate financial stability. This is especially important when the District issues bonds. Second, by maintaining this balance at August 31, operations can continue without requiring debt until state funds and taxes are received. State funds are generally received in the first three and last five months of the fiscal year. Local property taxes are received primarily from early October through the end of January. The Appraisal District mails tax statements in early October.

The District records five types of fund balance categories. The non-spendable portion of General fund balance may be comprised of inventories and prepaid items that cannot be converted to cash and spent. Restricted fund balance is the amount that is restricted to a specific purpose. The constraint on the use of these funds is externally imposed by creditors, grantors, contributors, laws and regulations. Committed fund balance is the amount that can only be used for specific purposes that the Board of Trustees determines through formal action. Assigned fund balance is the amount that the District intends to use on a specific purpose. The Superintendent or designee has the authority to assign fund balance and does not need formal board approval. The remaining fund balance is unassigned and may be used for any purpose without constraints.

The General Fund unassigned fund balance of \$26,280,325 is equivalent to approximately 4.4 months of expenditures. The unassigned fund balance minimizes the likelihood that the District would be required to enter the short-term debt market to pay for current operating expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$230,410,638 (net of accumulated depreciation) for a net increase of \$57,806,125 from last year. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction-in-progress.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

	Governmental Activities	
	2022	2021
Land	\$ 9,689,208	\$ 7,733,537
Construction in progress	128,575,740	66,915,194
Buildings and improvements	182,901,030	182,901,030
Furniture and equipment	14,607,317	13,891,296
Less depreciation	(105,362,657)	(98,836,544)
Totals	<u>\$ 230,410,638</u>	<u>\$ 172,604,513</u>

Debt

At year-end, the District had \$318,441,356 in long-term debt versus \$329,028,423 last year, for a net decrease of \$10,587,067, primarily due to current year debt service payments.

	Governmental Activities	
	2022	2021
Bonds payable	\$ 282,082,904	\$ 291,346,676
Accreted interest	6,041,412	5,971,668
Unamortized premium/(discount)	<u>30,317,040</u>	<u>31,710,079</u>
Total bonds payable	<u>\$ 318,441,356</u>	<u>\$ 329,028,423</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's 2021-2022 student attendance rate decreased to 93.87% from 96.37% in 2020-2021 primarily due to the continued impacts of the COVID-19 pandemic on student attendance.
- The District's 2021-2022 student enrollment growth was 645 students, a 9.59% increase.
- The 2021 certified taxable value of all property in the District was \$4,904,955,813, an increase in value of \$572.65 million, or 13.22%, from the 2020 certified taxable value. As 2021 was a re-appraisal year, approximately 50% of this tax value increase was attributable to new construction with the remaining 50% increase attributable to re-appraisal of existing property.
- Following is the outlook for the 2022-2023 fiscal year:
 - The continued uncertainty to district operations created by the COVID-19 pandemic led the District to be somewhat conservative with some of the budget assumptions and/or projections used for the development of the District's 2022-2023 budget. For instance, the projected average daily attendance was reduced because of the anticipated impact of COVID-19 on student attendance rates.
 - The most recent demographic projection of student enrollment growth forecasts an additional 653 students, an 8.86% increase from the Fall 2021 PEIMS submission.
 - The 2022 certified taxable value of all property in the District was \$5,360,488,369, an increase in value of \$455.53 million, or 9.29% from the 2021 certified value. As 2021 was not a re-appraisal year, all of this tax value increase was attributable to new construction and/or development.
 - The 2022-2023 Maintenance and Operations tax rate was adopted at \$0.9429 per \$100 valuation, a decrease of \$0.0250 from the 2021-2022 rate of \$0.9679. The 2022-2023 Debt Service tax rate remained unchanged at \$0.4250 per \$100 valuation. The District's 2022-2023 total tax rate is \$1.3679 per \$100 valuation.
 - Due to the increase in taxable property values, 2022-2023 budgeted current year local tax revenues in the General Fund increased by \$3,163,063 to \$48,663,643. Budgeted state revenues and other revenue resources increased to \$25,459,952 primarily because of the public school finance changes in House Bill 3 and House Bill 1525, change in taxable property values, and projected student enrollment growth. This results in total 2022-2023 budgeted General Fund revenues of \$74,123,595 with General Fund expenditures budgeted at \$76,509,190. The increase in General Fund expenditures is primarily attributable to the costs associated with adding 80.5 additional staff positions due to continued student enrollment growth and the opening of the District's second middle school and a 4% general pay increase for employees.

- Due to the increase in taxable property values, 2022-2023 budgeted local revenues in the Debt Service Fund increased to \$22,083,039 while budgeted state revenues remained constant at \$325,000. Budgeted Debt Service Fund expenditures increased to \$22,408,039. The fund balance in the Debt Service Fund is projected to remain stable at \$3,363,961.
- Due to the increase in the District's certified taxable value, while maintaining the same Debt Service tax rate, the District called for redemption prior to maturity \$3,310,000 of Aledo ISD Unlimited Tax Refunding Bonds Series 2016. This amount is included in the 2022-2023 Debt Service Fund budgeted expenditure amount stated in the item above.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Office, at Aledo ISD, 1008 Bailey Ranch Road, Aledo, Texas 76008.

BASIC FINANCIAL STATEMENTS

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ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-type Activities	3 Total	
ASSETS				
1110	Cash and cash equivalents	\$ 59,977,262	\$ 128,704	\$ 60,105,966
1220	Property taxes receivable (delinquent)	863,782	-	863,782
1230	Allowance for uncollectible taxes	(475,545)	-	(475,545)
1240	Due from other governments	4,853,248	-	4,853,248
1300	Inventories	124,792	5,966	130,758
1410	Prepaid items	113,962	-	113,962
	Capital assets:			
1510	Land	9,689,208	-	9,689,208
1520	Buildings and improvements, net	88,316,588	-	88,316,588
1530	Furniture and equipment, net	3,829,102	-	3,829,102
1580	Construction in progress	128,575,740	-	128,575,740
1000	Total assets	<u>295,868,139</u>	<u>134,670</u>	<u>296,002,809</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	9,127,851	-	9,127,851
1705	Deferred outflows related to NPL	6,806,243	-	6,806,243
1706	Deferred outflows related to OPEB	8,002,560	-	8,002,560
1700	Total deferred outflows of resources	<u>23,936,654</u>	<u>-</u>	<u>23,936,654</u>
LIABILITIES				
2110	Accounts payable	14,306,295	6,601	14,312,896
2140	Interest payable	607,917	-	607,917
2150	Payroll deductions and withholding payable	1,198	-	1,198
2160	Accrued wages payable	3,890,338	5,852	3,896,190
2180	Due to other governments	13,802	-	13,802
2200	Accrued expenses	82,222	129	82,351
2300	Unearned revenue	107,840	-	107,840
	Noncurrent liabilities:			
2501	Due within one year	8,690,000	-	8,690,000
2502	Due in more than one year	309,751,356	-	309,751,356
2540	Net pension liability	8,118,161	-	8,118,161
2545	Net OPEB liability	16,384,297	-	16,384,297
2000	Total liabilities	<u>361,953,426</u>	<u>12,582</u>	<u>361,966,008</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows related to NPL	8,657,049	-	8,657,049
2606	Deferred inflows related to OPEB	11,396,122	-	11,396,122
2600	Total deferred inflows of resources	<u>20,053,171</u>	<u>-</u>	<u>20,053,171</u>
NET POSITION				
3200	Net investment in capital assets	(60,908,391)	-	(60,908,391)
	Restricted:			
3820	Federal and state programs	1,129,858	-	1,129,858
3850	Debt service	3,214,604	-	3,214,604
3900	Unrestricted	(5,637,875)	122,088	(5,515,787)
3000	Total net position	<u>\$(62,201,804)</u>	<u>\$ 122,088</u>	<u>\$(62,079,716)</u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
Primary government:				
Governmental activities:				
11	Instruction	\$ 51,722,635	\$ 743,561	\$ 3,227,652
12	Instructional resources and media services	1,095,607	-	(1,863)
13	Curriculum and staff development	830,139	-	111,355
21	Instructional leadership	821,918	-	23,095
23	School leadership	4,118,075	-	(7,808)
31	Guidance, counseling, and evaluation services	2,656,357	-	457,220
33	Health services	701,920	-	63,240
34	Student (pupil) transportation	3,853,347	-	(18,922)
35	Food service	3,512,188	904,790	3,605,514
36	Extracurricular activities	3,326,225	633,934	(10,627)
41	General administration	2,698,512	-	(47,071)
51	Facilities maintenance and operations	8,806,572	33,750	552,684
52	Security and monitoring services	1,051,245	-	(8,798)
53	Data processing services	1,800,733	-	(5,504)
61	Community services	113,576	-	(1,325)
72	Debt Service - interest on long-term debt	10,715,983	-	233,738
73	Debt Service - bond issuance costs and fees	11,519	-	-
91	Contracted instructional services between schools	348,258	-	-
99	Other intergovernmental charges	855,097	-	-
TG	Total governmental activities	<u>99,039,906</u>	<u>2,316,035</u>	<u>8,172,580</u>
Business-type activities:				
01	Aledo ISD Pre-K Academy	156,028	110,668	-
02	Aledo ISD Bearcat Store	78,161	86,394	-
03	Community Partners	5,791	-	-
04	Stadium/gym advertising	139,601	32,332	-
TB	Total business-type activities	<u>379,581</u>	<u>229,394</u>	<u>-</u>
TP	Total primary government	<u>\$ 99,419,487</u>	<u>\$ 2,545,429</u>	<u>\$ 8,172,580</u>
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
SF	State aid - formula grants			
GC	Grants and contributions not restricted			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
FR	Transfers			
TR	Total general revenues and transfers			
CN	Change in net position			
NB	Net position, beginning			
NE	Net position, ending			

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

Net (Expense) Revenue and
Changes in Net Position

6	7	8
Governmental Activities	Business-type Activities	Total
\$(47,751,422)	\$ -	\$(47,751,422)
(1,097,470)	-	(1,097,470)
(718,784)	-	(718,784)
(798,823)	-	(798,823)
(4,125,883)	-	(4,125,883)
(2,199,137)	-	(2,199,137)
(638,680)	-	(638,680)
(3,872,269)	-	(3,872,269)
998,116	-	998,116
(2,702,918)	-	(2,702,918)
(2,745,583)	-	(2,745,583)
(8,220,138)	-	(8,220,138)
(1,060,043)	-	(1,060,043)
(1,806,237)	-	(1,806,237)
(114,901)	-	(114,901)
(10,482,245)	-	(10,482,245)
(11,519)	-	(11,519)
(348,258)	-	(348,258)
(855,097)	-	(855,097)
<u>(88,551,291)</u>	<u>-</u>	<u>(88,551,291)</u>
-	(45,360)	(45,360)
-	8,233	8,233
-	(5,791)	(5,791)
<u>-</u>	<u>(107,269)</u>	<u>(107,269)</u>
<u>-</u>	<u>(150,187)</u>	<u>(150,187)</u>
<u>(88,551,291)</u>	<u>(150,187)</u>	<u>(88,701,478)</u>
46,346,159	-	46,346,159
20,331,236	-	20,331,236
18,329,511	-	18,329,511
119,444	-	119,444
549,700	-	549,700
181,490	-	181,490
<u>(102,041)</u>	<u>102,041</u>	<u>-</u>
<u>85,755,499</u>	<u>102,041</u>	<u>85,857,540</u>
(2,795,792)	(48,146)	(2,843,938)
(59,406,012)	170,234	(59,235,778)
<u>\$(62,201,804)</u>	<u>\$ 122,088</u>	<u>\$(62,079,716)</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		10 <u>General Fund</u>	50 <u>Debt Service</u>
	ASSETS		
1110	Cash and cash equivalents	\$ 29,399,536	\$ 3,555,429
1220	Property taxes - delinquent	639,725	224,057
1230	Allowance for uncollectible taxes	(365,556)	(109,989)
1240	Due from other governments	3,100,981	4,778
1260	Due from other funds	1,687,050	-
1300	Inventories	-	-
1410	Prepays	<u>113,962</u>	<u>-</u>
1000	Total assets	<u>34,575,698</u>	<u>3,674,275</u>
	LIABILITIES		
2110	Accounts payable	1,130,146	-
2150	Payroll deductions and withholdings payable	1,198	-
2160	Accrued wages payable	3,802,389	-
2180	Due to other governments	-	11,854
2170	Due to other funds	-	-
2200	Accrued expenditures	80,391	-
2300	Unearned revenue	<u>93,119</u>	<u>-</u>
2000	Total liabilities	<u>5,107,243</u>	<u>11,854</u>
	DEFERRED INFLOWS OF RESOURCES		
2601	Unavailable revenue - property taxes	<u>274,168</u>	<u>114,068</u>
2600	Total deferred inflows of resources	<u>274,168</u>	<u>114,068</u>
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	-	-
3430	Prepaid items	113,962	-
	Restricted for:		
3450	Federal or state funds	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	3,548,353
3545	Committed for campus activities	-	-
3570	Assigned for expenditures for equipment	2,800,000	-
3600	Unassigned fund balance	<u>26,280,325</u>	<u>-</u>
3000	Total fund balances	<u>29,194,287</u>	<u>3,548,353</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,575,698</u>	<u>\$ 3,674,275</u>

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

60		98
Capital Projects	Other Funds	Total Governmental Funds
\$ 24,783,438	\$ 2,238,859	\$ 59,977,262
-	-	863,782
-	-	(475,545)
-	1,747,489	4,853,248
-	-	1,687,050
-	124,792	124,792
-	-	113,962
<u>24,783,438</u>	<u>4,111,140</u>	<u>67,144,551</u>
12,830,374	345,775	14,306,295
-	-	1,198
-	87,949	3,890,338
-	1,948	13,802
-	1,687,050	1,687,050
-	1,831	82,222
-	14,721	107,840
<u>12,830,374</u>	<u>2,139,274</u>	<u>20,088,745</u>
-	-	388,236
-	-	388,236
-	124,792	124,792
-	-	113,962
-	1,129,858	1,129,858
11,953,064	-	11,953,064
-	-	3,548,353
-	717,216	717,216
-	-	2,800,000
-	-	26,280,325
<u>11,953,064</u>	<u>1,971,866</u>	<u>46,667,570</u>
\$ <u>24,783,438</u>	\$ <u>4,111,140</u>	\$ <u>67,144,551</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION

AUGUST 31, 2022

Total fund balances - governmental funds	\$ 46,667,570
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	230,410,638
2 Uncollected property taxes and penalties and interest are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	388,236
3 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(309,313,505)
4 Interest payable is not due and payable in the current period and, therefore is not reported as a liability in the governmental funds.	(607,917)
5 Included in the items related to debt is the recognition of the District's proportionate share of net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$6,806,243, a deferred resource inflow in the amount of \$8,657,049, and a net pension liability in the amount of \$8,118,161. This resulted in a decrease in net position.	(9,968,967)
6 Included in the items related to debt is the recognition of the District's proportionate share of net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$8,002,560, a deferred resource inflow in the amount of \$11,396,122, and a net OPEB liability in the amount of \$16,384,297. This resulted in a decrease in net position.	(19,777,859)
19 Net position of governmental activities	\$(62,201,804)

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10	50
		General Fund	Debt Service
		<u> </u>	<u> </u>
	REVENUES		
5700	Local and intermediate sources	\$ 47,563,209	\$ 20,397,065
5800	State program revenues	21,769,074	233,738
5900	Federal program revenues	537,473	-
5020	Total revenues	<u>69,869,756</u>	<u>20,630,803</u>
	EXPENDITURES		
	Current:		
0011	Instruction	38,972,551	-
0012	Instructional resources and media services	804,012	-
0013	Curriculum and instructional staff development	675,466	-
0021	Instructional leadership	879,258	-
0023	School leadership	3,585,746	-
0031	Guidance, counseling, and evaluation services	2,375,085	-
0033	Health services	683,969	-
0034	Student (pupil) transportation	3,744,248	-
0035	Food service	102,340	-
0036	Extracurricular activities	3,044,709	-
0041	General administration	2,927,562	-
0051	Facilities maintenance and operations	8,527,812	-
0052	Security and monitoring services	1,018,610	-
0053	Data processing services	1,789,373	-
0061	Community services	8,591	-
	Debt Service:		
0071	Principal on long-term debt	-	9,830,000
0072	Interest on long-term debt	-	10,414,941
0073	Bond issuance cost and fees	-	11,519
	Capital Outlay:		
0081	Facilities acquisition and construction	1,957,671	-
	Intergovernmental:		
0091	Contracted instructional services between schools	348,258	-
0099	Other intergovernmental	855,097	-
6030	Total expenditures	<u>72,300,358</u>	<u>20,256,460</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,430,602)	374,343
	OTHER FINANCING SOURCES (USES)		
8911	Transfers out	(102,041)	-
	Total other financing sources (uses)	<u>(102,041)</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	(2,532,643)	374,343
0100	FUND BALANCES, BEGINNING	<u>31,726,930</u>	<u>3,174,010</u>
3000	FUND BALANCES, ENDING	<u>\$ 29,194,287</u>	<u>\$ 3,548,353</u>

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

60		98 Total Governmental Funds
Capital Projects	Other Funds	
\$ 257,687	\$ 1,691,487	\$ 69,909,448
-	391,793	22,394,605
-	7,539,845	8,077,318
<u>257,687</u>	<u>9,623,125</u>	<u>100,381,371</u>
7,369,345	3,657,288	49,999,184
202,901	145,662	1,152,575
-	116,252	791,718
-	8,710	887,968
-	25,018	3,610,764
-	461,588	2,836,673
-	69,203	753,172
88,399	8,794	3,841,441
51,226	3,458,731	3,612,297
452,756	20,131	3,517,596
-	42,273	2,969,835
22,106	387,905	8,937,823
-	740	1,019,350
-	2,060	1,791,433
117,121	-	125,712
-	-	9,830,000
-	-	10,414,941
-	-	11,519
61,660,545	-	63,618,216
-	-	348,258
-	-	855,097
<u>69,964,399</u>	<u>8,404,355</u>	<u>170,925,572</u>
(69,706,712)	1,218,770	(70,544,201)
-	-	(102,041)
-	-	(102,041)
(69,706,712)	1,218,770	(70,646,242)
<u>81,659,776</u>	<u>753,096</u>	<u>117,313,812</u>
\$ <u>11,953,064</u>	\$ <u>1,971,866</u>	\$ <u>46,667,570</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	\$(70,646,242)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful live as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	57,806,125
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(65,384)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.	9,528,958
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,703,237. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,360,317. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$92,749. The net result is an increase in the change in net position.	435,669
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$392,501. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$331,821. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$84,402. The net result is an increase in the change in net position.	<u>145,082</u>
Change in net position of governmental activities	\$(<u>2,795,792</u>)

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2022

	Business-Type Activities
	<u>Total Enterprise Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 128,704
Inventories	<u>5,966</u>
Total assets	<u>134,670</u>
LIABILITIES	
Current liabilities:	
Accounts payable	6,601
Accrued wages payable	5,852
Accrued expenditures	<u>129</u>
Total liabilities	<u>12,582</u>
NET POSITION	
Unrestricted	<u>122,088</u>
Total net position	<u>\$ 122,088</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Business-Type Activities
	<u>Total Enterprise Funds</u>
OPERATING REVENUES	
Local and intermediate sources	\$ <u>229,394</u>
Total operating revenues	<u>229,394</u>
OPERATING EXPENSES	
Payroll costs	171,128
Professional and contracted services	1,639
Supplies and materials	59,483
Other operating costs	<u>147,331</u>
Total operating expenses	<u>379,581</u>
Operating income (loss)	(150,187)
Transfers in	<u>102,041</u>
CHANGE IN NET POSITION	(48,146)
NET POSITION, BEGINNING	<u>170,234</u>
NET POSITION, ENDING	<u>\$ 122,088</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Business-Type Activities
	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 257,251
Cash payments to employees for services	(170,585)
Cash payments for suppliers	(60,078)
Cash payments for other operating expenses	<u>(162,970)</u>
Net cash provided (used) by operating activities	<u>(136,382)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>102,041</u>
Net cash provided (used) by non-capital financing activities	<u>102,041</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>(34,341)</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>163,045</u>
CASH AND CASH EQUIVALENTS, ENDING	\$ <u>128,704</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net operating income (loss)	\$(150,187)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in receivables	27,857
(Increase) decrease in inventories	1,083
Increase (decrease) in accrued wages payable	543
Increase (decrease) in due to other funds	(19,146)
Increase (decrease) in accounts payable	3,456
Increase (decrease) in accrued expenses	<u>12</u>
Net cash provided (used) by operations	\$(<u>136,382</u>)

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2022

	Private-Purpose Trust Funds	Custodial Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 105,734	\$ 477,908
Total assets	<u>105,734</u>	<u>477,908</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>48,545</u>
Total liabilities	<u>-</u>	<u>48,545</u>
NET POSITION		
Restricted for:		
Scholarships	105,734	-
Student groups	<u>-</u>	<u>429,363</u>
Total net position	<u>\$ 105,734</u>	<u>\$ 429,363</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS		
Contributions, gifts, and donations	\$ 2,000	\$ -
Earnings from temporary deposits	689	-
Collections from student groups	-	1,039,754
Total additions	<u>2,689</u>	<u>1,039,754</u>
DEDUCTIONS		
Payments on-behalf of student groups	-	996,953
Other deductions	<u>26,984</u>	<u>-</u>
Total deductions	<u>26,984</u>	<u>996,953</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(24,295)	42,801
NET POSITION, BEGINNING	<u>130,029</u>	<u>386,562</u>
NET POSITION, ENDING	<u>\$ 105,734</u>	<u>\$ 429,363</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Aledo Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board of Trustees (the "Board"), a seven-member group, has governance responsibilities over all activities related to public school education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Government-wide and Fund Financial Statements

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

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, enterprise and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

D. Fund Accounting

The District reports the following major governmental funds:

The **General Fund** is the District's general operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs incurred by programs accounted for in other funds. The General Fund is always considered a major fund. The General Fund is a budgeted fund, and any fund balances are considered resources for current and future operations.

The **Debt Service Fund** accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections of general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for the retirement of bonds and payments of interest on the bonded debt. The fund balance represents the amount that is available for the retirement of bonds and payment of interest in the future.

The **Capital Projects Fund**, which is an unbudgeted fund, is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

In addition, the District reports the following fund types:

Governmental Funds:

Nonmajor Special Revenue Funds are used to account for specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

Proprietary Funds:

The nonmajor enterprise Funds are designed to be self-supporting. Revenues are earned mainly from sales of services to the users outside the District.

Fiduciary Funds:

Private-Purpose Trust Funds: This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

Custodial Fund: This fund accounts for activities of student groups. This accounting reflects the District's custodial relationship with student activity organizations.

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

1. Cash and Investments

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

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

2. Inventories and Prepaid Items

Except for inventories of food commodities, the District records purchases of supplies and materials as expenditures when purchased. This method is used to avoid administrative costs that are excessive to the benefit gained and where expenditures tend to be equalized over a period of years. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and unearned revenue when received. As commodities are consumed, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

3. Other Receivables and Payables

These may include amounts due from local, state, and federal agencies resulting from an excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable.

4. Capital Assets

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Furniture and equipment	3-15

5. Unearned Revenues

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

	<u>General</u>	<u>Nonmajor Funds</u>
Student parking fees	\$ 29,165	\$ -
Band participation fee	26,704	-
Donation - theatre stage lights	32,000	-
Other	<u>5,250</u>	<u>14,721</u>
Total	<u>\$ 93,119</u>	<u>\$ 14,721</u>

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding will be recognized as a deferred outflow of resources and amortized to interest expense over the life of the bonds. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures. Issuance costs are reported as debt service expenditures.

7. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are reported in the financial statements as described below:

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions, and the changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. The 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 next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability, changes in actuarial assumptions, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government’s net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer’s contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

8. Interfund Activity

The District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

9. Use of Estimates

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

The amount of state foundation revenue and the related receivables and liabilities a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year.

10. Encumbrances

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

11. Data Control Codes

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

12. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

Restricted – the component of the spendable fund balance constrained to a specific purpose by a provider, such as a creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, long-term debt service, and other restrictions.

Committed – the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes funds for campus activity funds.

Assigned – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is a specific purpose that is narrower than the general purposes of the District itself.

Unassigned – is the residual classification of the General Fund and includes all amounts not contained in other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures. Only the General Fund will have positive unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

The District has a minimum fund balance policy as defined by their Annual Operating Budget Policy CE (Local).

13. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the District's normal policy is to use the restricted resource to finance its activities.

The Government-wide Statement of Net Position includes the following:

Net investment in capital assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for federal and state programs – the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Unrestricted net position – the difference between the assets and liabilities that are not reported in net investment in capital assets or restricted net position.

14. Fund Balance Flow Assumptions

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

15. Defined Benefit Pension Plan

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

16. Other Post-Employment Benefits Plan

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

17. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real property and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable with the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The Board establishes the District's property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2021, were \$0.96790 and \$0.42500 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$4,730,059,516.

The District has not entered into any tax abatement agreements in compliance with Tax Code Chapter 312.

Delinquent taxes are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes.

Current tax collections for the levy year ended August 31, 2022, were 99.7% of the year-end adjusted tax levy.

Uncollectible personal property taxes are periodically reviewed and written off by the District. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District has an agreement with Parker County Appraisal District ("County") whereby the County bills and collects the District's property taxes.

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
TexPool Prime	AAAm	14	\$ 58,220,633	\$ 58,220,633

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

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

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

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

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

Custodial Credit Risk – Investments: For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment in TexPool not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service. As of August 31, 2022, the District's investments in TexPool are rated AAAm.

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

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

B. Interfund Balances and Transfers

Interfund balances. The composition of interfund balances as of August 31, 2022, consisted of the following:

<u>Payable fund</u>	<u>Receivable fund</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	\$ <u>1,687,050</u>
Total		\$ <u><u>1,687,050</u></u>

Balances resulted from the lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers. The transfer of \$102,041 from the General Fund to nonmajor enterprise funds was to cover operating deficits in those funds.

C. Taxes Receivable

Taxes receivable consisted of the following balances as of August 31, 2022:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes - Delinquent	\$ 639,725	\$ 224,057
Allowance for Uncollectible Taxes	(365,556)	(109,989)
Total	\$ <u>274,169</u>	\$ <u>114,068</u>

D. Capital Assets

Capital asset activity for the year ended August 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,733,537	\$ 1,955,671	\$ -	\$ 9,689,208
Construction in progress	<u>66,915,194</u>	<u>61,660,546</u>	<u>-</u>	<u>128,575,740</u>
Total capital assets, not being depreciated	<u>74,648,731</u>	<u>63,616,217</u>	<u>-</u>	<u>138,264,948</u>
Capital assets, being depreciated:				
Buildings and improvements	182,901,030	-	-	182,901,030
Furniture and equipment	<u>13,891,296</u>	<u>716,021</u>	<u>-</u>	<u>14,607,317</u>
Total capital assets, being depreciated	<u>196,792,326</u>	<u>716,021</u>	<u>-</u>	<u>197,508,347</u>
Less accumulated depreciation for:				
Buildings and improvements	(88,926,693)	(5,657,749)	-	(94,584,442)
Furniture and equipment	<u>(9,909,851)</u>	<u>(868,364)</u>	<u>-</u>	<u>(10,778,215)</u>
Total accumulated depreciation	<u>(98,836,544)</u>	<u>(6,526,113)</u>	<u>-</u>	<u>(105,362,657)</u>
Total capital assets, being depreciated, net	<u>97,955,782</u>	<u>(5,810,092)</u>	<u>-</u>	<u>92,145,690</u>
Governmental activities capital assets, net	\$ <u>172,604,513</u>	\$ <u>57,806,125</u>	\$ <u>-</u>	\$ <u>230,410,638</u>

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

Governmental activities:

Instruction	\$ 4,570,254
Curriculum and staff development	73,949
School leadership	785,520
Student transportation	435,066
Food services	79,306
Extracurricular activities	193,819
General administration	106,103
Plant maintenance and operations	82,019
Security and monitoring services	108,404
Data processing services	<u>91,673</u>

Total depreciation expense - governmental activities \$ 6,526,113

E. Construction Commitments

Construction in progress and remaining commitments as of the end of the fiscal year are as follows:

Project	Approved Construction Budget	Construction In Progress	Estimated Remaining Commitment
Annetta Elementary (ELEM #6)	\$ 34,021,082	\$ 32,884,798	\$ 1,136,284
Elementary/Public Road Improvements	2,500,000	1,838,181	661,819
Aledo Middle School Renovations & Additions	35,232,864	34,889,515	343,349
McAnally Middle School (MS #2)	50,918,588	48,696,214	2,222,374
McAnally Intermediate conversion to Vandagriff Elementary	8,661,348	8,639,159	22,189
Early Childhood Academy	<u>1,810,259</u>	<u>1,627,873</u>	<u>182,386</u>
Total	<u>\$ 133,144,141</u>	<u>\$ 128,575,740</u>	<u>\$ 4,568,401</u>

F. Long-Term Liabilities

Long-term debt of the District is comprised of bonds payable, accreted interest, and premium on bonds. The following is a summary of changes in long-term debt for governmental activities for the year ended August 31, 2022.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Long-term debt					
Bonds payable	\$ 291,346,676	\$ -	\$ 9,263,772	\$ 282,082,904	\$ 8,123,773
Accreted interest	5,971,668	635,972	566,228	6,041,412	566,227
Premium on bonds	<u>31,710,079</u>	<u>-</u>	<u>1,393,039</u>	<u>30,317,040</u>	<u>-</u>
Total long-term debt	<u>329,028,423</u>	<u>635,972</u>	<u>11,223,039</u>	<u>318,441,356</u>	<u>8,690,000</u>
Net pension liability	15,881,517	(6,402,976)	1,360,380	8,118,161	-
Net OPEB liability	<u>15,527,602</u>	<u>1,188,517</u>	<u>331,822</u>	<u>16,384,297</u>	<u>-</u>
Total	<u>\$ 360,437,542</u>	<u>\$ (4,578,487)</u>	<u>\$ 12,915,241</u>	<u>\$ 342,943,814</u>	<u>\$ 8,690,000</u>

Bonds Payable

Bonded indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

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

A summary of changes in general obligation bonds for the year ended August 31, 2022, are as follows:

Title Final Maturity Date Interest Rates	Original Issue Amount	Interest Current Year	Payable Amounts Outstanding Beginning	Issued	Retired	Accreted Interest	Payable Amounts Outstanding Ending
<u>Series 2001 UTSB</u> 2032, 4.50 - 5.55%	\$ 7,418,568	\$ -	\$ 7,017,893	\$ -	\$ 470,000	\$ 376,581	\$ 6,924,474
<u>Series 2012 UTR</u> 2027, 2.00 - 3.50%	8,519,913	9,675	1,386,363	-	1,400,000	13,637	-
<u>Series 2013A UTR</u> 2031, 2.00 - 3.50%	8,985,000	7,450	235,000	-	45,000	-	190,000
<u>Series 2013B UTR</u> 2028, 0.40 - 3.13%	16,615,000	214,488	3,685,000	-	1,615,000	-	2,070,000
<u>Series 2015 UTR</u> 2035, 0.54 - 5.00%	13,195,000	143,800	10,225,084	-	145,000	194,298	10,274,382
<u>Series 2015A UTSB</u> 2045, 2.00 - 5.00%	47,075,000	795,919	15,950,000	-	2,675,000	-	13,275,000
<u>Series 2016 UTR</u> 2043, 2.00 - 5.00%	54,225,000	2,422,250	53,440,000	-	1,860,000	-	51,580,000
<u>Series 2019 UTR</u> 2034, 2.00 - 5.00%	12,530,000	455,150	11,130,000	-	565,000	-	10,565,000
<u>Series 2020 UTSB</u> 2050, 2.08 - 5.00%	133,590,000	5,144,350	133,590,000	-	495,000	-	133,095,000
<u>Series 2021 UTR</u> 2031, 2.352 - 4.00%	62,317,250	706,348	60,659,004	-	560,000	51,456	60,150,460
Total	\$ <u>364,470,731</u>	\$ <u>9,899,430</u>	\$ <u>297,318,344</u>	\$ <u>-</u>	\$ <u>9,830,000</u>	\$ <u>635,972</u>	\$ <u>288,124,316</u>

Debt service requirements on long-term debt at August 31, 2022, are as follows:

Year Ending August 31,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2023	\$ 8,755,000	\$ 10,007,288	\$ 18,762,288
2024	10,100,000	9,720,144	19,820,144
2025	10,390,000	9,425,582	19,815,582
2026	8,275,000	9,137,732	17,412,732
2027	8,565,000	8,844,775	17,409,775
2028-2032	47,575,000	39,476,273	87,051,273
2033-2037	55,675,000	31,373,496	87,048,496
2038-2042	62,350,000	20,315,200	82,665,200
2043-2047	55,830,000	8,135,169	63,965,169
2048-2050	<u>26,255,000</u>	<u>1,197,225</u>	<u>27,452,225</u>
Total	\$ 293,770,000	\$ <u>147,632,883</u>	\$ <u>441,402,883</u>

Less: remaining
accreted interest
on bonds (11,687,096)

Bonds outstanding
at August 31, 2022 \$ 282,082,904

G. Prior Year Defeasance of Debt

In prior years and during the current year, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2022, \$51,155,000 of bonds considered defeased are still outstanding.

H. Defined Benefit Pension Plan

Plan Description. The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) 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 the system.

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

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

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

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

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

	Contribution Rates	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.8%
Employers	7.5%	7.8%
Current fiscal year employer contributions		\$ 1,703,237
Current fiscal year member contributions		3,836,614
2021 measurement year NECE on-behalf contributions		2,298,830

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

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

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

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

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

Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was rolled forward to August 31, 2021, and was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

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

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 (see page 53 of the TRS ACFR) are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Arithmetic Real Rate of Return ³	Long-Term Expected Geometric Real Rate of Return
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute value	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy and Natural Resources	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			0.95%
Expected Return	100.00%		6.90%

¹ Absolute return includes credit sensitive investments

² Target allocations are based on the FY 20 policy model

³ Capital Market Assumptions come from Aon Hewitt (as of 8/31/20)

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 17,739,471	\$ 8,118,161	\$ 312,359

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the District reported a liability of \$8,118,161 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	\$ 8,118,161
State's proportionate share that is associated with the District	<u>13,718,430</u>
Total	<u>\$ 21,836,591</u>

The net pension liability was measured as of August 31, 2021 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, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0318778541%. which was an increase of 0.0022248997% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation. There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2022, the District recognized pension expense of \$1,322,413 and revenue of \$54,845 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 13,585	\$ 571,525
Changes in actuarial assumptions	2,869,611	1,250,904
Differences between projected and actual investment earnings	-	6,806,973
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,219,810	27,647
Contributions paid to TRS subsequent to the measurement date	<u>1,703,237</u>	<u>-</u>
Total	<u>\$ 6,806,243</u>	<u>\$ 8,657,049</u>

The amounts reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other net amounts reported as deferred outflows and inflows related to pensions will be recognized in pension expense as follows:

For the Year Ended August 31:	Pension Expense
2023	\$(416,763)
2024	(477,061)
2025	(1,081,902)
2026	(1,742,260)
2027	128,748
Thereafter	35,195

I. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Cares fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the TRS website at www.trs.state.tx.us; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

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

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

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

	TRS-Care Monthly for Retirees	
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree, 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 .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contributions Rates	
	2021	2022
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 392,501
Current fiscal year member contributions		311,360
2021 measurement year NECE on-behalf contributions		444,568

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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021. The actuarial valuation 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
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 claim costs
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.50 to 9.00%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the Total OPEB Liability. There was a decrease of 0.38 percent in the discount rate since the previous year. The Discount Rate can be found in the 2021 TRS ACFR on page 76. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of net OPEB liability	\$ 19,763,238	\$ 16,384,297	\$ 13,724,961

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$16,384,297 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	\$ 16,384,297
State’s proportionate share that is associated with the District	<u>21,951,307</u>
Total	<u>\$ 38,335,604</u>

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.0424744603% which was an increase of 0.0016279523% from its proportion measured as of August 31, 2020.

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

	Current Single Healthcare Trend Rate		
	1% Decrease		1% Increase
Proportionate share of net OPEB liability	\$ 13,270,738	\$ 16,384,297	\$ 20,561,921

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the Total OPEB Liability.

For the year ended August 31, 2022, the District recognized OPEB expense of \$(562,752) and revenue of \$(810,171) for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 705,422	\$ 7,931,146
Changes in actuarial assumptions	1,814,753	3,464,976
Differences between projected and actual investment earnings	17,788	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,072,096	-
Contributions paid to OPEB subsequent to the measurement date	<u>392,501</u>	<u>-</u>
Total	<u>\$ 8,002,560</u>	<u>\$ 11,396,122</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other net amounts reported as deferred outflows and inflows related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31,	OPEB Expense
2023	\$(931,796)
2024	(932,197)
2025	(932,089)
2026	(500,812)
2027	83,069
Thereafter	(572,238)

J. Negative Operating Grants and Contributions – Statement of Activities

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

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

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

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11 - Instruction	\$ 3,227,652	\$(479,575)	\$ 2,748,077
12 - Instructional resources and media services	(1,863)	(10,266)	(12,129)
13 - Curriculum and staff development	111,355	(6,311)	105,044
21 - Instructional leadership	23,095	(11,788)	11,307
23 - School leadership	(7,808)	(50,153)	(57,961)
31 - Guidance, counseling, and evaluation services	457,220	(30,667)	426,553
33 - Health services	63,240	(9,110)	54,130
34 - Student transportation	(18,922)	(44,553)	(63,475)
35 - Food service	3,605,514	(24,056)	3,581,458
36 - Extracurricular activities	(10,627)	(18,817)	(29,444)
41 - General administration	(47,071)	(73,061)	(120,132)
51 - Facilities and maintenance and operations	552,684	(19,435)	533,249
52 - Security and monitoring services	(8,798)	(14,572)	(23,370)
53 - Data processing services	(5,504)	(15,783)	(21,287)
61 - Community services	(1,325)	(2,024)	(3,349)
72 - Debt service - interest on long-term debt	233,738	-	233,738
Total	<u>\$ 8,172,580</u>	<u>\$(810,171)</u>	<u>\$ 7,362,409</u>

K. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRSCare on-behalf of the District were \$198,792 \$187,435, and \$166,958, respectively. The information for the year ended August 31, 2022, is provided by the Teachers Retirement System.

These payments are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

L. Active Employee Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579, and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$250 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us, by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

M. Commitments and Contingencies

State and Federal Grants

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

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

N. Risk Management

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

O. New Accounting Standards

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 46,758,080	\$ 47,293,080	\$ 47,563,209	\$ 270,129
5800	State program revenues	21,011,015	21,931,893	21,769,074	(162,819)
5900	Federal program revenues	375,000	515,000	537,473	22,473
5020	Total revenues	<u>68,144,095</u>	<u>69,739,973</u>	<u>69,869,756</u>	<u>129,783</u>
EXPENDITURES					
Current:					
0011	Instruction	38,282,110	39,154,960	38,972,551	182,409
0012	Instructional resources and media sources	843,796	820,183	804,012	16,171
0013	Curriculum and instructional staff development	767,546	682,546	675,466	7,080
0021	Instructional leadership	988,216	890,185	879,258	10,927
0023	School leadership	3,699,079	3,599,417	3,585,746	13,671
0031	Guidance, counseling, and evaluation services	2,290,307	2,386,550	2,375,085	11,465
0033	Health services	681,996	691,996	683,969	8,027
0034	Student (pupil) transportation	3,402,217	3,767,217	3,744,248	22,969
0035	Food services	3,000	105,000	102,340	2,660
0036	Extracurricular activities	2,953,231	3,108,231	3,044,709	63,522
0041	General administration	2,921,916	2,936,916	2,927,562	9,354
0051	Facilities maintenance and operations	7,461,294	8,394,913	8,527,812	(132,899)
0052	Security and monitoring services	892,365	1,080,543	1,018,610	61,933
0053	Data processing services	1,692,522	1,802,435	1,789,373	13,062
0061	Community services	-	9,000	8,591	409
Capital Outlay:					
0081	Facilities acquisition and construction	35,000	1,985,644	1,957,671	27,973
Intergovernmental:					
0091	Contracted instructional services between schools	410,000	370,000	348,258	21,742
0099	Other intergovernmental	820,000	860,000	855,097	4,903
6030	Total expenditures	<u>68,144,595</u>	<u>72,645,736</u>	<u>72,300,358</u>	<u>345,378</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(500)	(2,905,763)	(2,430,602)	475,161
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	500	(500)	-	500
8911	Transfers out (uses)	-	-	(102,041)	(102,041)
7080	Total other financing sources (uses)	<u>500</u>	<u>(500)</u>	<u>(102,041)</u>	<u>(101,541)</u>
1200	NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(2,906,263)</u>	<u>(2,532,643)</u>	<u>373,620</u>
0100	FUND BALANCE, BEGINNING	<u>31,726,930</u>	<u>31,726,930</u>	<u>31,726,930</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 31,726,930</u>	<u>\$ 28,820,667</u>	<u>\$ 29,194,287</u>	<u>\$ 373,620</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Plan Year Ended August 31,	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	0.031877854%	0.029652954%
District's proportionate share of the net pension liability (asset)	\$ 8,118,161	\$ 15,881,517
State's proportionate share of the net pension liability (asset) associated with the District	<u>13,718,430</u>	<u>28,180,935</u>
Total	<u>\$ 21,836,591</u>	<u>\$ 44,062,452</u>
District's covered payroll	\$ 41,772,662	\$ 38,961,847
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.43%	40.76%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2019	2018	2017	2016	2015	2014
0.028757410%	0.025277499%	0.022741200%	0.023035900%	0.023582900%	0.013543200%
\$ 14,949,001	\$ 13,913,349	\$ 7,271,403	\$ 8,704,926	\$ 8,336,241	\$ 3,617,576
<u>25,150,857</u>	<u>24,368,390</u>	<u>13,955,192</u>	<u>16,678,493</u>	<u>15,764,091</u>	<u>13,391,760</u>
\$ <u>40,099,858</u>	\$ <u>38,281,739</u>	\$ <u>21,226,595</u>	\$ <u>25,383,419</u>	\$ <u>24,100,332</u>	\$ <u>17,009,336</u>
\$ 34,346,213	\$ 29,738,397	\$ 27,018,924	\$ 26,239,017	\$ 24,798,446	\$ 23,334,205
43.52%	46.79%	26.91%	33.18%	33.62%	15.50%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal Year Ended August 31,	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,703,237	\$ 1,360,317
Contributions in relation to the contractually required contribution	(<u>1,703,237</u>)	(<u>1,360,317</u>)
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 47,956,497	\$ 41,772,662
Contribution as a percentage of covered payroll	3.55%	3.26%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

EXHIBIT G-3

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,223,489	\$ 1,006,552	\$ 1,160,991	\$ 745,322	\$ 731,908	\$ 698,301
(1,223,489)	(1,006,552)	(1,160,991)	(745,322)	(731,908)	(698,301)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 38,961,847	\$ 34,346,213	\$ 29,738,397	\$ 27,018,924	\$ 26,239,017	\$ 24,798,446
3.14%	2.93%	3.90%	2.76%	2.79%	2.82%

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Plan Year Ended August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability (asset)	0.042474460%	0.040846508%	0.037881107%
District's proportionate share of the net OPEB liability (asset)	\$ 16,384,297	\$ 15,527,602	\$ 17,914,438
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>21,951,307</u>	<u>20,865,375</u>	<u>23,804,283</u>
Total	<u>\$ 38,335,604</u>	<u>\$ 36,392,977</u>	<u>\$ 41,718,721</u>
District's covered-employee payroll	\$ 41,772,662	\$ 38,961,847	\$ 34,346,213
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	39.22%	39.85%	52.16%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>2018</u>	<u>2017</u>
0.033577680%	0.030846800%
\$ 16,765,643	\$ 13,414,128
<u>26,321,616</u>	<u>21,898,027</u>
\$ <u>43,087,259</u>	\$ <u>35,312,155</u>
\$ 29,738,397	\$ 27,018,924
56.38%	49.65%
1.57%	0.91%

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 392,501	\$ 331,821	\$ 310,462
Contributions in relation to the contractually required contribution	(392,501)	(331,821)	(310,462)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 47,956,497	\$ 41,772,662	\$ 38,961,847
Contribution as a percentage of covered-employee payroll	0.82%	0.79%	0.80%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>2019</u>	<u>2018</u>
\$ 269,386	\$ 231,638
(269,386)	(231,638)
\$ -	\$ -
\$ 34,346,213	\$ 29,738,397
0.78%	0.78%

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2022

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

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

General Fund – Major amendments, mainly in Functions 0011 – Instruction and 0051 – facilities maintenance and operations, were related to increased operating and personnel cost associated with increased enrollment.

National Breakfast & Lunch Fund – Amendments were made to adjust for increases in federal revenues and the food costs associated with the increase in federally subsidized meals.

Debt Service Fund – Amendments were made to reflect adjustments to scheduled debt service payments related to a new bond issue as well as operational needs.

4. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board.

Excess of Expenditures over Appropriations

For the year ended August 31, 2022, expenditures exceeded appropriations in the facilities maintenance and operations function in the amount of \$132,899. The overage will be covered by revenues in the next fiscal year.

COMBINING STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	211	224	225	240
	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
ASSETS				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,469,075
1240 Due from other governments	-	329,537	-	53,572
1300 Inventories	-	-	-	124,792
1000 Total assets	<u>-</u>	<u>329,537</u>	<u>-</u>	<u>1,647,439</u>
LIABILITIES				
2110 Accounts payable	-	-	-	303,009
2160 Accrued wages payable	-	-	-	87,949
2170 Due to other funds	-	329,537	-	-
2180 Due to other governments	-	-	-	-
2200 Accrued expenditures	-	-	-	1,831
2300 Unearned revenue	-	-	-	-
2000 Total liabilities	<u>-</u>	<u>329,537</u>	<u>-</u>	<u>392,789</u>
FUND BALANCES				
Nonspendable:				
3410 Inventories	-	-	-	124,792
Restricted for:				
3450 Federal or state funds	-	-	-	1,129,858
3545 Committed for campus activities	-	-	-	-
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254,650</u>
4000 Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 329,537</u>	<u>\$ -</u>	<u>\$ 1,647,439</u>

244	255	263	279	281	282
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	TCLAS ESSER III	ESSER - School Emergency Relief II	ESSER - School Emergency Relief II
\$ 11,949	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	19,290	205,927	484,888
-	-	-	-	-	-
<u>11,949</u>	<u>-</u>	<u>-</u>	<u>19,290</u>	<u>205,927</u>	<u>484,888</u>
11,949	-	-	-	-	-
-	-	-	-	-	-
-	-	-	19,290	205,927	484,888
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,949</u>	<u>-</u>	<u>-</u>	<u>19,290</u>	<u>205,927</u>	<u>484,888</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,290</u>	<u>\$ 205,927</u>	<u>\$ 484,888</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	283	284	289	397
	Supplemental ESSER III	ARPA IDEA - Part B Formula	Federally Funded Special Revenue	Advanced Placement Incentives
ASSETS				
1110 Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,315
1240 Due from other governments	528,414	1,728	88,668	-
1300 Inventories	-	-	-	-
1000 Total assets	<u>528,414</u>	<u>1,728</u>	<u>88,668</u>	<u>1,315</u>
LIABILITIES				
2110 Accounts payable	-	-	-	-
2160 Accrued wages payable	-	-	-	-
2170 Due to other funds	528,414	1,728	88,668	-
2180 Due to other governments	-	-	-	-
2200 Accrued expenditures	-	-	-	-
2300 Unearned revenue	-	-	-	1,315
2000 Total liabilities	<u>528,414</u>	<u>1,728</u>	<u>88,668</u>	<u>1,315</u>
FUND BALANCES				
Nonspendable:				
3410 Inventories	-	-	-	-
Restricted for:				
3450 Federal or state funds	-	-	-	-
3545 Committed for campus activities	-	-	-	-
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total liabilities and fund balances	<u>\$ 528,414</u>	<u>\$ 1,728</u>	<u>\$ 88,668</u>	<u>\$ 1,315</u>

410	429	461	490	Total
State Instructional Materials	Other State Special Revenue Funds	Campus Activity Funds	Education Foundation Grant Awards	Nonmajor Special Revenue Funds
\$ -	\$ 7,406	\$ 734,707	\$ 14,407	\$ 2,238,859
35,465	-	-	-	1,747,489
-	-	-	-	124,792
<u>35,465</u>	<u>7,406</u>	<u>734,707</u>	<u>14,407</u>	<u>4,111,140</u>
867	-	17,491	12,459	345,775
-	-	-	-	87,949
28,598	-	-	-	1,687,050
-	-	-	1,948	1,948
-	-	-	-	1,831
<u>6,000</u>	<u>7,406</u>	<u>-</u>	<u>-</u>	<u>14,721</u>
<u>35,465</u>	<u>7,406</u>	<u>17,491</u>	<u>14,407</u>	<u>2,139,274</u>
-	-	-	-	124,792
-	-	-	-	1,129,858
<u>-</u>	<u>-</u>	<u>717,216</u>	<u>-</u>	<u>717,216</u>
<u>-</u>	<u>-</u>	<u>717,216</u>	<u>-</u>	<u>1,971,866</u>
\$ <u>35,465</u>	\$ <u>7,406</u>	\$ <u>734,707</u>	\$ <u>14,407</u>	\$ <u>4,111,140</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	211	224	225	240
<u>Codes</u>	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
REVENUES				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ 917,207
5800 State program revenues	-	-	-	36,809
5900 Federal program revenues	<u>156,687</u>	<u>965,468</u>	<u>10,241</u>	<u>3,570,165</u>
5020 Total revenues	<u>156,687</u>	<u>965,468</u>	<u>10,241</u>	<u>4,524,181</u>
EXPENDITURES				
Current:				
0011 Instruction	156,687	533,495	10,241	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	-	-	-	-
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	374,396	-	-
0033 Health services	-	57,577	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food service	-	-	-	3,444,446
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0053 Data processing services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030 Total expenditures	<u>156,687</u>	<u>965,468</u>	<u>10,241</u>	<u>3,444,446</u>
1200 NET CHANGE IN FUND BALANCES	-	-	-	1,079,735
0100 FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,915</u>
3000 FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,254,650</u>

EXHIBIT H-2

244	255	263	279	281	282
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	TCLAS ESSER	ESSER - School Emergency Relief II	ESSER - School Emergency Relief III
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>35,587</u>	<u>83,105</u>	<u>17,749</u>	<u>19,290</u>	<u>209,677</u>	<u>669,561</u>
<u>35,587</u>	<u>83,105</u>	<u>17,749</u>	<u>19,290</u>	<u>209,677</u>	<u>669,561</u>
35,587	-	17,749	19,290	69,930	601,251
-	-	-	-	-	-
-	83,105	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	68,310
-	-	-	-	4,470	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	12,750	-
-	-	-	-	122,527	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,587</u>	<u>83,105</u>	<u>17,749</u>	<u>19,290</u>	<u>209,677</u>	<u>669,561</u>
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	283	284	289	397
<u>Codes</u>	<u>Supplemental ESSER III</u>	<u>ARPA IDEA - Part B Formula</u>	<u>Federally Funded Special Revenue</u>	<u>Advanced Placement Incentives</u>
REVENUES				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-	3,026
5900 Federal program revenues	<u>647,952</u>	<u>2,072</u>	<u>1,152,291</u>	<u>-</u>
5020 Total revenues	<u>647,952</u>	<u>2,072</u>	<u>1,152,291</u>	<u>3,026</u>
EXPENDITURES				
Current:				
0011 Instruction	545,488	2,072	871,045	-
0012 Instructional resources and media services	4,856	-	-	-
0013 Curriculum and instructional staff development	4,715	-	22,017	3,026
0021 Instructional leadership	8,710	-	-	-
0023 School leadership	25,018	-	-	-
0031 Guidance, counseling, and evaluation services	9,188	-	-	-
0033 Health services	5,941	-	1,215	-
0034 Student (Pupil) Transportation	8,794	-	-	-
0035 Food service	14,285	-	-	-
0036 Extracurricular activities	1,688	-	-	-
0041 General administration	9,105	-	-	-
0051 Facilities maintenance and operations	7,364	-	258,014	-
0052 Security and monitoring services	740	-	-	-
0053 Data processing services	<u>2,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030 Total expenditures	<u>647,952</u>	<u>2,072</u>	<u>1,152,291</u>	<u>3,026</u>
1200 NET CHANGE IN FUND BALANCES	-	-	-	-
0100 FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

410	429	461	490	Total
State Instructional Materials	Other State Special Revenue Funds	Campus Activity Funds	Education Foundation Grant Awards	Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 693,880	\$ 80,400	\$ 1,691,487
351,958	-	-	-	391,793
-	-	-	-	7,539,845
<u>351,958</u>	<u>-</u>	<u>693,880</u>	<u>80,400</u>	<u>9,623,125</u>
351,958	-	424,210	18,285	3,657,288
-	-	90,910	49,896	145,662
-	-	-	3,389	116,252
-	-	-	-	8,710
-	-	-	-	25,018
-	-	864	8,830	461,588
-	-	-	-	69,203
-	-	-	-	8,794
-	-	-	-	3,458,731
-	-	18,443	-	20,131
-	-	20,418	-	42,273
-	-	-	-	387,905
-	-	-	-	740
-	-	-	-	2,060
<u>351,958</u>	<u>-</u>	<u>554,845</u>	<u>80,400</u>	<u>8,404,355</u>
-	-	139,035	-	1,218,770
-	-	578,181	-	753,096
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,216</u>	<u>\$ -</u>	<u>\$ 1,971,866</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2022

	715	730	732	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Community Partners	Stadium/Gym Advertising	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,433	\$ 116,154	\$ 5,117	\$ -	\$ 128,704
Inventories	<u>-</u>	<u>5,966</u>	<u>-</u>	<u>-</u>	<u>5,966</u>
Total assets	<u>7,433</u>	<u>122,120</u>	<u>5,117</u>	<u>-</u>	<u>134,670</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,452	3,579	1,570	-	6,601
Accrued wages payable	5,852	-	-	-	5,852
Accrued expenses	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129</u>
Total liabilities	<u>7,433</u>	<u>3,579</u>	<u>1,570</u>	<u>-</u>	<u>12,582</u>
NET POSITION					
Unrestricted	<u>-</u>	<u>118,541</u>	<u>3,547</u>	<u>-</u>	<u>122,088</u>
Total net position	<u>\$ -</u>	<u>\$ 118,541</u>	<u>\$ 3,547</u>	<u>\$ -</u>	<u>\$ 122,088</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	715	730	732	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Community Partners	Stadium/Gym Advertising	
OPERATING REVENUES					
Local and intermediate sources	\$ 110,668	\$ 86,394	\$ -	\$ 32,332	\$ 229,394
Total operating revenues	<u>110,668</u>	<u>86,394</u>	<u>-</u>	<u>32,332</u>	<u>229,394</u>
OPERATING EXPENSES					
Payroll costs	148,579	22,549	-	-	171,128
Professional and contracted services	1,639	-	-	-	1,639
Supplies and materials	2,303	51,389	5,791	-	59,483
Other operating costs	<u>3,507</u>	<u>4,223</u>	<u>-</u>	<u>139,601</u>	<u>147,331</u>
Total operating expenses	<u>156,028</u>	<u>78,161</u>	<u>5,791</u>	<u>139,601</u>	<u>379,581</u>
Operating income (loss)	(45,360)	8,233	(5,791)	(107,269)	(150,187)
Transfer in	<u>3,483</u>	<u>-</u>	<u>-</u>	<u>98,558</u>	<u>102,041</u>
CHANGE IN NET POSITION	(41,877)	8,233	(5,791)	(8,711)	(48,146)
NET POSITION, BEGINNING	<u>41,877</u>	<u>110,308</u>	<u>9,338</u>	<u>8,711</u>	<u>170,234</u>
NET POSITION, ENDING	\$ <u>-</u>	\$ <u>118,541</u>	\$ <u>3,547</u>	\$ <u>-</u>	\$ <u>122,088</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	715	730	732	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Community Partners	Stadium/Gym Advertising	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from user charges	\$ 110,668	\$ 86,394	\$ -	\$ 60,189	\$ 257,251
Cash payments to employees	(148,036)	(22,549)	-	-	(170,585)
Cash payments for suppliers	(5,985)	(49,872)	(4,221)	-	(60,078)
Cash payments for operating expenses	-	(4,223)	-	(158,747)	(162,970)
Net cash flows provided (used) by operating activities	(43,353)	9,750	(4,221)	(98,558)	(136,382)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	3,483	-	-	98,558	102,041
Net cash provided (used) by non-capital financing activities	3,483	-	-	98,558	102,041
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS					
	(39,870)	9,750	(4,221)	-	(136,382)
CASH AND CASH EQUIVALENTS, BEGINNING					
	47,303	106,404	9,338	-	163,045
CASH AND CASH EQUIVALENTS, ENDING					
	\$ 7,433	\$ 116,154	\$ 5,117	\$ -	\$ 128,704
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Net operating income	\$(45,360)	\$ 8,233	\$(5,791)	\$(107,269)	\$(150,187)
Adjustments to reconcile operating income to net cash provided by operating activities:					
(Increase) decrease in receivables	-	-	-	27,857	27,857
(Increase) decrease in inventory	-	1,083	-	-	1,083
Increase (decrease) in accounts payable	1,452	434	1,570	-	3,456
Increase (decrease) in accrued wages payable	543	-	-	-	543
Increase (decrease) in due to other funds	-	-	-	(19,146)	(19,146)
Increase (decrease) in accrued expenses	12	-	-	-	12
Net cash provided (used) by operations	\$(43,353)	\$ 9,750	\$(4,221)	\$(98,558)	\$(136,382)

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

AUGUST 31, 2022

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund
ASSETS				
Cash and cash equivalents	\$ 27,112	\$ 25,469	\$ 1,300	\$ 3,070
Total assets	27,112	25,469	1,300	3,070
NET POSITION				
Restricted for scholarships	27,112	25,469	1,300	3,070
Total net position	\$ 27,112	\$ 25,469	\$ 1,300	\$ 3,070

820 J. Choate Higher Educ. Fund	821 Angler Club Scholarship Fund	822 S&P Endowment Fund	Total Private Purpose Trust Funds
\$ <u>33,936</u>	\$ <u>14,847</u>	\$ <u>-</u>	\$ <u>105,734</u>
<u>33,936</u>	<u>14,847</u>	<u>-</u>	<u>105,734</u>
<u>33,936</u>	<u>14,847</u>	<u>-</u>	<u>105,734</u>
\$ <u><u>33,936</u></u>	\$ <u><u>14,847</u></u>	\$ <u><u>-</u></u>	\$ <u><u>105,734</u></u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ADDITIONS				
Contributions, gifts, and donations	\$ -	\$ -	\$ -	\$ -
Earnings from temporary deposits	<u>224</u>	<u>156</u>	<u>3</u>	<u>4</u>
Total additions	<u>224</u>	<u>156</u>	<u>3</u>	<u>4</u>
DEDUCTIONS				
Other deductions	<u>14,234</u>	<u>2,500</u>	<u>-</u>	<u>1,000</u>
Total deductions	<u>14,234</u>	<u>2,500</u>	<u>-</u>	<u>1,000</u>
CHANGE IN NET POSITION	(14,010)	(2,344)	3	(996)
NET POSITION, BEGINNING	<u>41,122</u>	<u>27,813</u>	<u>1,297</u>	<u>4,066</u>
NET POSITION, ENDING	\$ <u>27,112</u>	\$ <u>25,469</u>	\$ <u>1,300</u>	\$ <u>3,070</u>

820 J. Choate Higher Educ. Fund	821 Angler Club Scholarship Fund	822 S&P Endowment Fund	Total Private Purpose Trust Funds
\$ -	\$ -	\$ 2,000	\$ 2,000
<u>217</u>	<u>85</u>	<u>-</u>	<u>689</u>
<u>217</u>	<u>85</u>	<u>2,000</u>	<u>2,689</u>
<u>5,000</u>	<u>2,250</u>	<u>2,000</u>	<u>26,984</u>
<u>5,000</u>	<u>2,250</u>	<u>2,000</u>	<u>26,984</u>
(4,783)	(2,165)	-	(24,295)
<u>38,719</u>	<u>17,012</u>	<u>-</u>	<u>130,029</u>
\$ <u>33,936</u>	\$ <u>14,847</u>	\$ <u>-</u>	\$ <u>105,734</u>

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**REQUIRED TEXAS EDUCATION
AGENCY SCHEDULES**

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECIEVABLE

FISCAL YEAR ENDED AUGUST 31, 2022

Last Ten Years Ended August 31,	1	2	3
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose
	Maintenance	Debt Service	
2013 and prior years	various	various	various
2014	1.170000	0.255200	2,504,191,131
2015	1.170000	0.255200	2,606,380,768
2016	1.170000	0.425000	2,811,377,179
2017	1.170000	0.425000	2,723,994,044
2018	1.170000	0.425000	3,159,594,734
2019	1.170000	0.425000	3,433,884,765
2020	1.068300	0.425000	4,019,765,620
2021	1.054700	0.425000	4,185,623,708
2022 (School year under audit)	0.967900	0.425000	4,730,059,516
1000 Totals			

10	20	31	32	40	50
Beginning Balance 09/01/21	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 08/31/22
\$ 208,224	\$ -	\$ 7,892	\$ 1,722	\$ (1,446)	\$ 197,164
30,090	-	2,169	473	(48)	27,400
23,054	-	2,435	531	(18)	20,070
25,428	-	2,140	778	(12)	22,498
9,956	-	2,032	738	(1,877)	5,309
198,463	-	7,820	2,834	(1,997)	185,812
15,826	-	79,256	28,790	44,098	(48,122)
192,717	-	155,683	61,935	167,290	142,389
246,437	-	285,817	115,173	142,498	(12,055)
<u>-</u>	<u>65,884,999</u>	<u>45,631,765</u>	<u>20,036,678</u>	<u>106,761</u>	<u>323,317</u>
<u>\$ 950,195</u>	<u>\$ 65,884,999</u>	<u>\$ 46,177,009</u>	<u>\$ 20,249,652</u>	<u>\$ 455,249</u>	<u>\$ 863,782</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 1,950,000	\$ 1,150,000	\$ 917,207	\$ (232,793)
5800	State program revenues	104,514	104,514	36,809	(67,705)
5900	Federal program revenues	<u>950,307</u>	<u>2,375,307</u>	<u>3,570,165</u>	<u>1,194,858</u>
5020	Total revenues	<u>3,004,821</u>	<u>3,629,821</u>	<u>4,524,181</u>	<u>894,360</u>
EXPENDITURES					
0035	Food services	<u>3,004,821</u>	<u>3,629,821</u>	<u>3,444,446</u>	<u>185,375</u>
6030	Total expenditures	<u>3,004,821</u>	<u>3,629,821</u>	<u>3,444,446</u>	<u>185,375</u>
1200	NET CHANGE IN FUND BALANCES	-	-	1,079,735	1,079,735
0100	FUND BALANCE, BEGINNING	<u>174,915</u>	<u>174,915</u>	<u>174,915</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 174,915</u>	<u>\$ 174,915</u>	<u>\$ 1,254,650</u>	<u>\$ 1,079,735</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 20,126,575	\$ 20,126,575	\$ 20,397,065	\$ 270,490
5800	State program revenues	<u>325,000</u>	<u>325,000</u>	<u>233,738</u>	<u>(91,262)</u>
5020	Total revenues	<u>20,451,575</u>	<u>20,451,575</u>	<u>20,630,803</u>	<u>179,228</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	8,197,012	9,830,000	9,830,000	-
0072	Interest on long-term debt	12,239,563	10,606,575	10,414,941	191,634
0073	Bond issuance cost and fees	<u>15,000</u>	<u>15,000</u>	<u>11,519</u>	<u>3,481</u>
6030	Total expenditures	<u>20,451,575</u>	<u>20,451,575</u>	<u>20,256,460</u>	<u>195,115</u>
1200	NET CHANGE IN FUND BALANCES	-	-	374,343	374,343
0100	FUND BALANCE, BEGINNING	<u>3,174,010</u>	<u>3,174,010</u>	<u>3,174,010</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 3,174,010</u>	<u>\$ 3,174,010</u>	<u>\$ 3,548,353</u>	<u>\$ 374,343</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,357,279
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 1,515,383

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA 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 LEA's fiscal year.	\$ 109,493
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 581,181

COMPLIANCE SECTION

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

Board of Trustees
Aledo Independent School District
Aledo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Aledo Independent School District's basic financial statements, and have issued our report thereon dated January 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aledo Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Aledo Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Aledo Independent School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
January 17, 2023

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

Board of Trustees
Aledo Independent School District
Aledo, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aledo Independent School District’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aledo Independent School District’s major federal programs for the year ended August 31, 2022. Aledo Independent School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance Section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Waco, Texas
January 17, 2023

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Agriculture			
<u>Passed through Texas Education Agency:</u>			
National School Breakfast Program	10.553	71402101	\$ 75,025
National School Breakfast Program	10.553	71402201	383,557
National School Lunch Program	10.555	71302101	473,695
National School Lunch Program	10.555	71302201	<u>2,459,051</u>
Total Passed through Texas Education Agency			<u>3,391,328</u>
<u>Passed through Texas Department of Agriculture:</u>			
NSLP - Commodities - Non-cash assistance	10.555	00901	175,774
COVID-19 - Pandemic-EBT Food Benefits Program	10.555	00901	<u>3,063</u>
Total Passed through State Department of Agriculture			<u>178,837</u>
Total Assistance Listing Number 10.555			<u>2,462,114</u>
Total Child Nutrition Cluster			<u>3,570,165</u>
Total U. S. Department of Agriculture			<u>3,570,165</u>
Federal Communications Commission			
<u>Direct Program:</u>			
COVID-19 - Emergency Connectivity Fund	32.009	N/A	<u>780,902</u>
Total Federal Communications Commission			<u>780,902</u>
U. S. Department of Education			
<u>Passed through Texas Education Agency:</u>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	22610101161909	<u>156,687</u>
IDEA Part B, Formula	84.027A	216600011849076000	965,468
COVID-19 - IDEA Part B, Formula	84.027A	226600011849076000	2,072
IDEA Part B, Preschool	84.173A	226610011849076000	<u>10,241</u>
Total IDEA Cluster			<u>977,781</u>
Career and Technical Education	84.048A	22420006184907	35,587
Title III, Part A - English Language Acquisition	84.365A	22694501184907	17,749
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501184907	83,105
Grants for State Assessments and Related Activities	84.369A	69552002	4,393
Title IV, Part A, Subpart 1	84.424A	21680101184907	22,017
COVID-19 - Elementary and Secondary School Emergency Relief Fund II	84.425D	2152100184907	209,677
COVID-19 - Elementary and Secondary School Emergency Relief Fund III TCLAS	84.425U	21528042184907	19,290
COVID-19 - Elementary and Secondary School Emergency Relief Fund III	84.425U	21528001184907	886,298
COVID-19 - Elementary and Secondary School Emergency Relief Fund III Supplemental	84.425U	21528043184907	<u>647,952</u>
Total Assistance Listing Number 84.425			<u>1,763,217</u>
Total Passed through Texas Education Agency			<u>3,060,536</u>
Total U. S. Department of Education			<u>3,060,536</u>
U.S. Department of Health and Human Services			
<u>Passed through Texas Education Agency:</u>			
COVID-19 - Epidemiology and Laboratory Capacity - Reopening Schools	93.323	39352201	<u>344,979</u>
Total U. S. Department of Health and Human Services			<u>344,979</u>
Total Expenditures of Federal Awards			<u>\$ 7,756,582</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2022. The information in the 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 or changes in net position of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School Health and Related Services (SHARS) revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 8,077,318
Less:	
School Health And Related Services	(537,473)
Elementary and Secondary School Emergency Relief - ARP Act (ESSER III) Funds recognized as revenue for financial statement purposes in the prior year, but reported on the current year SEFA due to grant award notification occurring subsequent to year-end.	<u>216,737</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 7,756,582</u>

3. INDIRECT COST

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

4. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Material noncompliance material to financial statements noted?

No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

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

None

Identification of major programs:

Assistance Listing Number(s):

10.553, 10.555

32.009

84.425D, 84.425U

Name of Federal Program or Cluster:

Child Nutrition Cluster

Emergency Connectivity Fund (COVID-19)

Elementary and Secondary School
Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported