

ALEDO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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ANNUAL FINANCIAL REPORT

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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, 2021, at a meeting of the board of trustees of such school district on the 18th day of January, 2022.

Forrest Collins
Signature of Board Secretary

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 Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Aledo Independent School District, as of August 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OFFICE LOCATIONS

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

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022 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 Aledo Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aledo Independent School District's internal control over financial reporting and compliance.

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

Waco, Texas
January 18, 2022

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, 2021. 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 \$59,235,778 (*net position*).
- The District's net position decreased by \$936,873 as a result of this year's operations which was a decrease of approximately 2%.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$117,313,812, a decrease of \$63,127,365 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 \$31,726,930, an increase of \$3,394,148 from prior year.
- The resources available for appropriation were \$2,882,748 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 was \$88,729,634 in the 2021 fiscal year, compared to the previous year's cost of \$83,652,802, an increase of \$5,076,832.

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 15 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 \$59,235,778 at the close of the most recent fiscal year.

TABLE 1
CONDENSED SCHEDULE OF NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 140,427,914	\$ 188,320,121	\$ 178,805	\$ 197,256	\$ 140,606,719	\$ 188,517,377
Capital assets	<u>172,604,513</u>	<u>116,270,900</u>	<u>-</u>	<u>-</u>	<u>172,604,513</u>	<u>116,270,900</u>
Total assets	<u>313,032,427</u>	<u>304,591,021</u>	<u>178,805</u>	<u>197,256</u>	<u>313,211,232</u>	<u>304,788,277</u>
Deferred Outflows of Resources:						
Deferred charges for refunding	10,025,748	11,820,808	-	-	10,025,748	11,820,808
Teach Retirement System	<u>14,505,258</u>	<u>14,524,706</u>	<u>-</u>	<u>-</u>	<u>14,505,258</u>	<u>14,524,706</u>
Total deferred outflows of resources	<u>24,531,006</u>	<u>26,345,514</u>	<u>-</u>	<u>-</u>	<u>24,531,006</u>	<u>26,345,514</u>
Liabilities:						
Long-term liabilities	360,437,542	371,073,140	-	-	360,437,542	371,073,140
Other liabilities	<u>23,108,187</u>	<u>8,109,497</u>	<u>8,571</u>	<u>4,944</u>	<u>23,116,758</u>	<u>8,114,441</u>
Total liabilities	<u>383,545,729</u>	<u>379,182,637</u>	<u>8,571</u>	<u>4,944</u>	<u>383,554,300</u>	<u>379,187,581</u>
Deferred Inflows of Resources:						
Teacher Retirement System	<u>13,423,716</u>	<u>10,245,115</u>	<u>-</u>	<u>-</u>	<u>13,423,716</u>	<u>10,245,115</u>
Net position:						
Net investment in capital assets	(58,766,718)	(72,796,505)	-	-	(58,766,718)	(72,796,505)
Restricted	3,127,104	26,080,348	-	-	3,127,104	26,080,348
Unrestricted	<u>(3,766,398)</u>	<u>(11,775,060)</u>	<u>170,234</u>	<u>192,312</u>	<u>(3,596,164)</u>	<u>(11,582,748)</u>
Total net position	<u>\$(59,406,012)</u>	<u>\$(58,491,217)</u>	<u>\$ 170,234</u>	<u>\$ 192,312</u>	<u>\$(59,235,778)</u>	<u>\$(58,298,905)</u>

A large portion of the District's deficit net position, (\$58,766,718), 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, \$3,127,104, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$3,596,164), 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	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 2,274,836	\$ 2,491,891	\$ 246,807	\$ 152,770	\$ 2,521,643	\$ 2,644,661
Operating grants and contributions	7,690,482	7,781,023	-	-	7,690,482	7,781,023
General revenues:						
Maintenance and operations taxes	44,461,004	42,559,547	-	-	44,461,004	42,559,547
Debt service taxes	17,912,120	17,018,701	-	-	17,912,120	17,018,701
State aid - formula grants	15,243,135	13,862,374	-	-	15,243,135	13,862,374
Grants and contributions not restricted	59,000	591,829	-	-	59,000	591,829
Investment earnings	227,345	770,638	-	-	227,345	770,638
Miscellaneous local & intermediate revenue	86,917	560,407	-	-	86,917	560,407
Extraordinary item - mediation agreement	-	(249,000)	-	-	-	(249,000)
Total revenues	<u>87,954,839</u>	<u>85,387,410</u>	<u>246,807</u>	<u>152,770</u>	<u>88,201,646</u>	<u>85,540,180</u>
EXPENSES						
Instruction	45,952,256	43,093,398	-	-	45,952,256	43,093,398
Instructional resources and media services	729,195	751,370	-	-	729,195	751,370
Curriculum and staff development	831,329	721,239	-	-	831,329	721,239
Instructional leadership	848,384	848,446	-	-	848,384	848,446
School leadership	3,946,715	4,154,346	-	-	3,946,715	4,154,346
Guidance, counseling, and evaluation services	2,789,795	2,561,026	-	-	2,789,795	2,561,026
Health services	692,194	660,233	-	-	692,194	660,233
Student (pupil) transportation	3,399,524	3,379,079	-	-	3,399,524	3,379,079
Food service	2,586,394	2,623,842	-	-	2,586,394	2,623,842
Extracurricular activities	2,592,160	3,087,747	-	-	2,592,160	3,087,747
General administration	2,885,016	3,135,937	-	-	2,885,016	3,135,937
Facilities maintenance and operations	7,267,324	6,725,142	-	-	7,267,324	6,725,142
Security and monitoring services	942,683	939,026	-	-	942,683	939,026
Data processing services	1,532,413	1,289,804	-	-	1,532,413	1,289,804
Community services	-	7,128	-	-	-	7,128
Debt Service	10,656,957	8,635,131	-	-	10,656,957	8,635,131
Contracted instructional services between schools	251,135	258,842	-	-	251,135	258,842
Other intergovernmental charges	826,160	781,066	-	-	826,160	781,066
Aledo ISD Pre-K Academy	-	-	83,074	-	-	-
Aledo ISD Bearcat Store	-	-	44,712	-	-	-
Community Partners	-	-	1,499	-	-	-
Stadium/gym advertising	-	-	139,600	248,402	139,600	248,402
Total expenses	<u>88,729,634</u>	<u>83,652,802</u>	<u>268,885</u>	<u>248,402</u>	<u>88,869,234</u>	<u>83,901,204</u>
EXTRAORDINARY ITEM	(140,000)	-	-	-	(140,000)	-
CHANGE IN NET POSITION	(914,795)	1,734,608	(22,078)	(95,632)	(936,873)	1,638,976
NET POSITION, BEGINNING	(58,491,217)	(60,225,825)	192,312	287,944	(58,298,905)	(59,937,881)
NET POSITION, ENDING	<u>\$(59,406,012)</u>	<u>\$(58,491,217)</u>	<u>\$ 170,234</u>	<u>\$ 192,312</u>	<u>\$(59,235,778)</u>	<u>\$(58,298,905)</u>

The District's net position decreased by \$936,873 from the prior fiscal year. This change is primarily due to an increase in the District's total other liabilities, as well as an increase in deferred inflows relating to pension and OPEB liabilities.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

General Fund revenue increased \$3,633,165 from the prior year due to changes to state funding based on increased student attendance, and an increase in federal funding. General Fund expenditures increased by \$4,296,779 due primarily to an increase in step pay. The net increase to fund balance was \$3,394,148.

The Debt Service Fund had an increase in revenue of \$808,814 from the previous year due to increased value of taxable property. There was an increase of \$582,036 in expenditures from the previous year due to debt obligations. The net decrease to fund balance was \$108,775.

The Capital Projects Fund had a decrease in revenue of \$38,760. Expenditures in the Capital Projects Fund increased by \$56,879,401, primarily due to spending on multiple capital projects in progress. The net decrease to fund balance was \$66,486,208.

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 \$4,159,603 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 \$31,726,930 differs from the General Fund's budgetary fund balance of \$24,280,952. The difference of \$7,445,978 is primarily due to actual local and intermediate revenues exceeding budgeted revenues by \$1,090,793 and actual expenditures being less than budgeted expenditures by \$5,165,057.

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 \$28,812,968 is equivalent to approximately 5.7 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 \$172,604,513 (net of accumulated depreciation) for a net increase of \$56,333,613 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	
	2021	2020
Land	\$ 7,733,537	\$ 7,725,812
Construction in progress	66,915,194	182,756,353
Buildings and improvements	182,901,030	12,900,210
Furniture and equipment	13,891,296	5,277,017
Less depreciation	(98,836,544)	(92,388,492)
Totals	<u>\$ 172,604,513</u>	<u>\$ 116,270,900</u>

Debt

At year-end, the District had \$329,028,423 in long-term debt versus \$338,209,701 last year, for a net increase of \$9,181,278, primarily caused by a bond refunding that occurred in FY 21 as well as regular debt service payments.

	Governmental Activities	
	2021	2020
Bonds payable	\$ 291,346,676	\$ 286,308,275
Accreted interest	5,971,668	11,975,741
Unamortized premium/(discount)	<u>31,710,079</u>	<u>39,925,685</u>
Total bonds payable	<u>\$ 329,028,423</u>	<u>\$ 338,209,701</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's 2020-2021 student attendance rate remained virtually the same as it increased to 96.37% from 96.36% in 2019-2020.
- The District's 2020-2021 student enrollment growth was 286 students, a 4.44% increase.
- The 2020 certified taxable value of all property in the District was \$4,332,304,026, an increase in value of \$153.37 million, or 3.67%, from the 2019 certified taxable value. As 2020 was not a re-appraisal year, all of this tax value increase was attributable to new construction and/or development.
- Following is the outlook for the 2021-2022 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 2021-2022 budget. For instance, the projected average daily attendance was reduced because of the anticipated impact of COVID-19 on student attendance rates. Also, the 2021-2022 General Fund budget expenditures include approximately \$500,000 of additional operational costs to address the COVID-19 pandemic.
 - The most recent demographic projection of student enrollment growth forecasts an additional 655 students, a 9.74% increase from the Fall 2020 PEIMS submission.
 - 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 value. Approximately 50% of this tax value increase was attributable to new construction with the remaining 50% increase attributable to re-appraisal of existing property.
 - The 2021-2022 Maintenance and Operations tax rate was adopted at \$0.9679 per \$100 valuation, a decrease of \$0.0868 from the 2020-2021 rate of \$1.0547. The 2021-2022 Debt Service tax rate remained unchanged at \$0.4250 per \$100 valuation. The District's 2021-2022 total tax rate is \$1.3929 per \$100 valuation.
 - Due to the increase in taxable property values, 2021-2022 budgeted current year local tax revenues in the General Fund increased by \$2,408,439 to \$45,500,580. Budgeted state revenues and other revenue resources increased to \$22,644,015 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 2021-2022 budgeted General Fund revenues of \$68,144,595 with General Fund expenditures budgeted at \$68,144,595.
 - Due to the increase in taxable property values, 2021-2022 budgeted local revenues in the Debt Service Fund increased to \$20,126,575 while budgeted state revenues increased to \$325,000. Budgeted Debt Service Fund expenditures increased to \$20,451,575. The fund balance in the Debt Service Fund is projected to remain stable at \$2,993,804.

- 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 \$1,860,000 of Aledo ISD Unlimited Tax Refunding Bonds Series 2016. This amount is included in the 2021-2022 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, 2021

Data Control Codes	Primary Government			
	1	2	3	
	Governmental Activities	Business-type Activities	Total	
ASSETS				
1110	Cash and cash equivalents	\$ 138,284,459	\$ 163,045	\$ 138,447,504
1220	Property taxes receivable (delinquent)	950,195	-	950,195
1230	Allowance for uncollectible taxes	(496,575)	-	(496,575)
1240	Due from other governments	1,384,933	-	1,384,933
1260	Internal balances	19,146	(19,146)	-
1290	Other receivables	73,800	27,857	101,657
1300	Inventories	97,994	7,049	105,043
1410	Prepaid items	113,962	-	113,962
	Capital assets:			
1510	Land	7,733,537	-	7,733,537
1520	Buildings and improvements, net	93,974,337	-	93,974,337
1530	Furniture and equipment, net	3,981,445	-	3,981,445
1580	Construction in progress	66,915,194	-	66,915,194
1000	Total assets	<u>313,032,427</u>	<u>178,805</u>	<u>313,211,232</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	10,025,748	-	10,025,748
1705	Deferred outflows related to NPL	7,530,412	-	7,530,412
1706	Deferred outflows related to OPEB	6,974,846	-	6,974,846
1700	Total deferred outflows of resources	<u>24,531,006</u>	<u>-</u>	<u>24,531,006</u>
LIABILITIES				
2110	Accounts payable	17,342,016	3,145	17,345,161
2140	Interest payable	447,705	-	447,705
2160	Accrued wages payable	3,223,248	5,309	3,228,557
2180	Due to other governments	1,861,658	-	1,861,658
2200	Accrued expenses	72,630	117	72,747
2300	Unearned revenue	160,930	-	160,930
	Noncurrent liabilities:			
2501	Due within one year	7,970,000	-	7,970,000
2502	Due in more than one year	321,058,423	-	321,058,423
2540	Net pension liability	15,881,517	-	15,881,517
2545	Net OPEB liability	15,527,602	-	15,527,602
2000	Total liabilities	<u>383,545,729</u>	<u>8,571</u>	<u>383,554,300</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows related to NPL	2,053,531	-	2,053,531
2606	Deferred inflows related to OPEB	11,370,185	-	11,370,185
2600	Total deferred inflows of resources	<u>13,423,716</u>	<u>-</u>	<u>13,423,716</u>
NET POSITION				
3200	Net investment in capital assets	(58,766,718)	-	(58,766,718)
	Restricted:			
3820	Federal and state programs	76,921	-	76,921
3850	Debt service	3,050,183	-	3,050,183
3900	Unrestricted	(3,766,398)	170,234	(3,596,164)
3000	Total net position	<u>\$(59,406,012)</u>	<u>\$ 170,234</u>	<u>\$(59,235,778)</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, 2021

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
Primary government:				
Governmental activities:				
11	Instruction	\$ 45,952,256	\$ 451,470	\$ 3,872,530
12	Instructional resources and media services	729,195	-	40,751
13	Curriculum and staff development	831,329	-	138,498
21	Instructional leadership	848,384	-	78,537
23	School leadership	3,946,715	-	199,326
31	Guidance, counseling, and evaluation services	2,789,795	-	619,250
33	Health services	692,194	-	802,714
34	Student (pupil) transportation	3,399,524	-	283,482
35	Food service	2,586,394	1,334,481	599,794
36	Extracurricular activities	2,592,160	452,295	79,709
41	General administration	2,885,016	-	345,223
51	Facilities maintenance and operations	7,267,324	36,590	237,102
52	Security and monitoring services	942,683	-	81,054
53	Data processing services	1,532,413	-	59,365
72	Debt Service - interest on long-term debt	10,085,803	-	253,147
73	Debt Service - bond issuance costs and fees	571,154	-	-
91	Contracted instructional services between schools	251,135	-	-
99	Other intergovernmental charges	826,160	-	-
TG	Total governmental activities	<u>88,729,634</u>	<u>2,274,836</u>	<u>7,690,482</u>
Business-type activities:				
01	Aledo ISD Pre-K Academy	83,074	104,587	-
02	Aledo ISD Bearcat Store	44,712	55,987	-
03	Community Partners	1,499	100	-
04	Stadium/gym advertising	139,600	86,133	-
TB	Total business-type activities	<u>268,885</u>	<u>246,807</u>	<u>-</u>
TP	Total primary government	<u>\$ 88,998,519</u>	<u>\$ 2,521,643</u>	<u>\$ 7,690,482</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			
E1	Extraordinary item			
TR	Total general revenues and extraordinary item			
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		
\$(41,628,256)	\$ -	\$(41,628,256)		
(688,444)	-	(688,444)		
(692,831)	-	(692,831)		
(769,847)	-	(769,847)		
(3,747,389)	-	(3,747,389)		
(2,170,545)	-	(2,170,545)		
110,520	-	110,520		
(3,116,042)	-	(3,116,042)		
(652,119)	-	(652,119)		
(2,060,156)	-	(2,060,156)		
(2,539,793)	-	(2,539,793)		
(6,993,632)	-	(6,993,632)		
(861,629)	-	(861,629)		
(1,473,048)	-	(1,473,048)		
(9,832,656)	-	(9,832,656)		
(571,154)	-	(571,154)		
(251,135)	-	(251,135)		
(826,160)	-	(826,160)		
<u>(78,764,316)</u>	<u>-</u>	<u>(78,764,316)</u>		
-	21,513	21,513		
-	11,275	11,275		
-	(1,399)	(1,399)		
<u>-</u>	<u>(53,467)</u>	<u>(53,467)</u>		
<u>-</u>	<u>(22,078)</u>	<u>(22,078)</u>		
<u>(78,764,316)</u>	<u>(22,078)</u>	<u>(78,786,394)</u>		
44,461,004	-	44,461,004		
17,912,120	-	17,912,120		
15,243,135	-	15,243,135		
59,000	-	59,000		
227,345	-	227,345		
86,917	-	86,917		
<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>		
<u>77,849,521</u>	<u>-</u>	<u>77,849,521</u>		
(914,795)	(22,078)	(936,873)		
<u>(58,491,217)</u>	<u>192,312</u>	<u>(58,298,905)</u>		
\$(59,406,012)	\$ 170,234	\$(59,235,778)		

ALEDO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	10	50
	General Fund	Debt Service
ASSETS		
1110 Cash and cash equivalents	\$ 36,980,977	\$ 3,122,645
1220 Property taxes - delinquent	710,461	239,734
1230 Allowance for uncollectible taxes	(382,820)	(113,755)
1240 Due from other governments	1,114,435	51,365
1260 Due from other funds	19,282	-
1290 Other receivables	73,800	-
1300 Inventories	-	-
1410 Prepaids	113,962	-
1000 Total assets	<u>38,630,097</u>	<u>3,299,989</u>
LIABILITIES		
2110 Accounts payable	1,399,227	-
2160 Accrued wages payable	3,097,175	-
2180 Due to other governments	1,859,709	-
2170 Due to other funds	-	-
2200 Accrued expenditures	65,891	-
2300 Unearned revenue	153,524	-
2000 Total liabilities	<u>6,575,526</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
2601 Unavailable revenue - property taxes	<u>327,641</u>	<u>125,979</u>
2600 Total deferred inflows of resources	<u>327,641</u>	<u>125,979</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	-	3,174,010
3545 Committed for campus activities	-	-
3570 Assigned for expenditures for equipment	2,800,000	-
3600 Unassigned fund balance	<u>28,812,968</u>	<u>-</u>
3000 Total fund balances	<u>31,726,930</u>	<u>3,174,010</u>
4000 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,630,097</u>	<u>\$ 3,299,989</u>

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

60	Other	98
Capital Projects	Funds	Total Governmental Funds
\$ 97,113,363	\$ 1,067,474	\$ 138,284,459
-	-	950,195
-	-	(496,575)
-	219,133	1,384,933
-	-	19,282
-	-	73,800
-	97,994	97,994
-	-	113,962
<u>97,113,363</u>	<u>1,384,601</u>	<u>140,428,050</u>
15,453,587	489,202	17,342,016
-	126,073	3,223,248
-	1,949	1,861,658
-	136	136
-	6,739	72,630
-	7,406	160,930
<u>15,453,587</u>	<u>631,505</u>	<u>22,660,618</u>
-	-	453,620
-	-	453,620
-	97,994	97,994
-	-	113,962
-	76,921	76,921
81,659,776	-	81,659,776
-	-	3,174,010
-	578,181	578,181
-	-	2,800,000
-	-	28,812,968
<u>81,659,776</u>	<u>753,096</u>	<u>117,313,812</u>
\$ <u>97,113,363</u>	\$ <u>1,384,601</u>	\$ <u>140,428,050</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

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

AUGUST 31, 2021

Total fund balances - governmental funds	\$ 117,313,812
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	172,604,513
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.	453,620
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.	(319,006,383)
4 Interest payable is not due and payable in the current period and, therefore is not reported as a liability in the governmental funds.	(443,997)
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 \$7,530,412, a deferred resource inflow in the amount of \$2,053,531, and a net pension liability in the amount of \$15,881,517. This resulted in a decrease in net position.	(10,404,636)
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 \$6,974,846, a deferred resource inflow in the amount of \$11,370,185, and a net OPEB liability in the amount of \$15,527,602. This resulted in a decrease in net position.	(19,922,941)
19 Net position of governmental activities	\$(<u>59,406,012</u>)

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	10 <u>General Fund</u>	50 <u>Debt Service</u>
REVENUES		
5700 Local and intermediate sources	\$ 45,093,934	\$ 17,915,801
5800 State program revenues	18,302,047	253,147
5900 Federal program revenues	<u>1,234,874</u>	<u>-</u>
5020 Total revenues	<u>64,630,855</u>	<u>18,168,948</u>
EXPENDITURES		
Current:		
0011 Instruction	34,394,482	-
0012 Instructional resources and media services	650,584	-
0013 Curriculum and instructional staff development	630,100	-
0021 Instructional leadership	814,477	-
0023 School leadership	3,039,432	-
0031 Guidance, counseling, and evaluation services	2,139,487	-
0033 Health services	604,179	-
0034 Student (pupil) transportation	2,916,549	-
0035 Food service	1,105	-
0036 Extracurricular activities	2,383,123	-
0041 General administration	2,644,231	-
0051 Facilities maintenance and operations	6,962,977	-
0052 Security and monitoring services	839,870	-
0053 Data processing services	1,338,364	-
Debt Service:		
0071 Principal on long-term debt	-	8,355,000
0072 Interest on long-term debt	-	9,917,880
0073 Bond issuance cost and fees	-	571,154
Capital Outlay:		
0081 Facilities acquisition and construction	66,625	-
Intergovernmental:		
0091 Contracted instructional services between schools	251,135	-
0099 Other intergovernmental	<u>826,160</u>	<u>-</u>
6030 Total expenditures	<u>60,502,880</u>	<u>18,844,034</u>
1100 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,127,975</u>	<u>(675,086)</u>
OTHER FINANCING SOURCES (USES)		
7911 Issuance of refunding bonds	-	55,385,000
7912 Sale of real and personal property	6,173	-
7915 Transfers in	-	-
7916 Premium or discount on issuance of bonds	-	9,310,384
8911 Transfers out (uses)	(600,000)	-
8940 Payment to escrow agent	<u>-</u>	<u>(64,129,073)</u>
7080 Total other financing sources (uses)	<u>(593,827)</u>	<u>566,311</u>
8913 EXTRAORDINARY ITEM	(140,000)	-
1200 NET CHANGE IN FUND BALANCES	3,394,148	(108,775)
0100 FUND BALANCES, BEGINNING	<u>28,332,782</u>	<u>3,282,785</u>
3000 FUND BALANCES, ENDING	<u>\$ 31,726,930</u>	<u>\$ 3,174,010</u>

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

60	98	98
Capital Projects	Other Funds	Total Governmental Funds
\$ 170,737	\$ 1,832,704	\$ 65,013,176
-	326,113	18,881,307
-	<u>2,383,901</u>	<u>3,618,775</u>
<u>170,737</u>	<u>4,542,718</u>	<u>87,513,258</u>
3,996,439	1,661,184	40,052,105
-	54,954	705,538
-	108,825	738,925
-	-	814,477
-	-	3,039,432
-	456,502	2,595,989
-	64,670	668,849
725,594	-	3,642,143
14,503	2,485,784	2,501,392
-	29,841	2,412,964
-	29,712	2,673,943
42,362	148,171	7,153,510
-	29,605	869,475
136,650	-	1,475,014
-	-	8,355,000
-	-	9,917,880
-	-	571,154
61,741,397	-	61,808,022
-	-	251,135
-	-	<u>826,160</u>
<u>66,656,945</u>	<u>5,069,248</u>	<u>151,073,107</u>
(66,486,208)	(526,530)	(63,559,849)
-	-	55,385,000
-	-	6,173
-	600,000	600,000
-	-	9,310,384
-	-	(600,000)
-	-	<u>(64,129,073)</u>
<u>-</u>	<u>600,000</u>	<u>572,484</u>
-	-	(140,000)
(66,486,208)	73,470	(63,127,365)
<u>148,145,984</u>	<u>679,626</u>	<u>180,441,177</u>
\$ <u>81,659,776</u>	\$ <u>753,096</u>	\$ <u>117,313,812</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, 2021

Net change in fund balances - total governmental funds	\$(63,127,365)
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.	56,333,613
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,873
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.	7,620,813
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 \$1,360,317. 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 \$1,223,489. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,743,462. The net result is a decrease in the change in net position.	(1,606,634)
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 \$331,821. 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 \$310,462. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$158,454. The net result is an decrease in the change in net position.	(137,095)
Change in net position of governmental activities	\$(<u>914,795</u>)

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2021

	Business-Type Activities
	<u>Total Enterprise Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 163,045
Other receivables	27,857
Inventories	<u>7,049</u>
Total assets	<u>197,951</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,145
Accrued wages payable	5,309
Due to other funds	19,146
Accrued expenditures	<u>117</u>
Total liabilities	<u>27,717</u>
NET POSITION	
Unrestricted	<u>170,234</u>
Total net position	<u>\$ 170,234</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

	Business-Type Activities
	<u>Total Enterprise Funds</u>
OPERATING REVENUES	
Local and intermediate sources	\$ 246,590
State program revenues	<u>217</u>
Total operating revenues	<u>246,807</u>
OPERATING EXPENSES	
Payroll costs	83,074
Professional and contracted services	1,499
Supplies and materials	40,984
Other operating costs	<u>143,328</u>
Total operating expenditures	<u>268,885</u>
Operating income (loss)	(22,078)
NET POSITION, BEGINNING	<u>192,312</u>
NET POSITION, ENDING	<u>\$ 170,234</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

	Business-Type Activities
	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 282,873
Cash payments to employees for services	(77,765)
Cash payments for suppliers	(42,666)
Cash payments for other operating expenses	(125,681)
Net cash provided by operating activities	<u>36,761</u>
NET INCREASE IN CASH AND EQUIVALENTS	<u>36,761</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>126,284</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 163,045</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income	\$(22,078)
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in receivables	29,288
(Increase) decrease in inventories	6,778
Increase (decrease) in accrued wages payable	5,309
Increase (decrease) in due to other funds	19,146
Increase (decrease) in accounts payable	(1,799)
Increase (decrease) in accrued expenses	<u>117</u>
Net cash provided by operations	<u>\$ 36,761</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2021

	Private-Purpose Trust Funds	Custodial Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 130,029	\$ 428,272
Total assets	<u>130,029</u>	<u>428,272</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>41,710</u>
Total liabilities	<u>-</u>	<u>41,710</u>
NET POSITION		
Restricted for:		
Scholarships	130,029	-
Student groups	<u>-</u>	<u>386,562</u>
Total net position	<u>\$ 130,029</u>	<u>\$ 386,562</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS		
Contributions, gifts, and donations	\$ 46,467	\$ -
Earnings from temporary deposits	154	-
Collections from student groups	<u>-</u>	<u>511,213</u>
Total additions	<u>46,621</u>	<u>511,213</u>
DEDUCTIONS		
Payments on-behalf of student groups	-	695,857
Other deductions	<u>24,493</u>	<u>-</u>
Total deductions	<u>24,493</u>	<u>695,857</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	22,128	(184,644)
NET POSITION, BEGINNING	107,901	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>571,206</u>
NET POSITION, ENDING	<u>\$ 130,029</u>	<u>\$ 386,562</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2021

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.

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 two fund categories – governmental 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 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.

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 capital 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 Fund</u>	<u>Nonmajor Funds</u>
Student parking fees	\$ 25,800	\$ -
Band participation fee	95,724	-
Donation - theatre stage lights	32,000	-
Other state special revenue funds	<u>-</u>	<u>7,406</u>
Total	<u>\$ 153,524</u>	<u>\$ 7,406</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, 2020, were \$1.0547 and \$0.4250 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$4,185,623,708.

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, 2021, were 99.6% 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	54 days	\$ 136,861,634	\$ 136,861,634

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, 2021, 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 Transactions

Interfund transfers. The General Fund transferred \$600,000 to the National Breakfast & Lunch Program to subsidize that fund’s operations.

Interfund balances. The composition of interfund balances as of August 31, 2021, consisted of the following:

<u>Payable fund</u>	<u>Receivable fund</u>	<u>Amount</u>
Nonmajor Enterprise	General Fund	\$ 19,146
Nonmajor Governmental	General Fund	<u>136</u>
Total		<u>\$ 19,282</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.

C. Taxes Receivable

Taxes receivable consisted of the following balances as of August 31, 2021:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Property Taxes - Delinquent	\$ 710,461	\$ 239,734
Allowance for Uncollectible Taxes	<u>(382,820)</u>	<u>(113,755)</u>
Total	<u>\$ 327,641</u>	<u>\$ 125,979</u>

D. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$458,544 for the year. The future minimum lease payments for active operating leases are summarized below:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 453,225
2023	289,290
2024	93,486
2025	91,984
2025	31,282

E. Capital Assets

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

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,725,812	\$ 7,725	\$ -	\$ 7,733,537
Construction in progress	<u>5,277,017</u>	<u>61,741,397</u>	<u>(103,220)</u>	<u>66,915,194</u>
Total capital assets, not being depreciated	<u>13,002,829</u>	<u>61,749,122</u>	<u>(103,220)</u>	<u>74,648,731</u>
Capital assets, being depreciated:				
Buildings and improvements	182,756,353	41,457	103,220	182,901,030
Furniture and equipment	<u>12,900,210</u>	<u>1,006,190</u>	<u>(15,104)</u>	<u>13,891,296</u>
Total capital assets, being depreciated	<u>195,656,563</u>	<u>1,047,647</u>	<u>88,116</u>	<u>196,792,326</u>
Less accumulated depreciation for:				
Buildings and improvements	(83,255,197)	(5,671,496)	-	(88,926,693)
Furniture and equipment	<u>(9,133,295)</u>	<u>(791,660)</u>	<u>15,104</u>	<u>(9,909,851)</u>
Total accumulated depreciation	<u>(92,388,492)</u>	<u>(6,463,156)</u>	<u>15,104</u>	<u>(98,836,544)</u>
Total capital assets, being depreciated, net	<u>103,268,071</u>	<u>(5,415,509)</u>	<u>103,220</u>	<u>97,955,782</u>
Governmental activities capital assets, net	<u>\$ 116,270,900</u>	<u>\$ 56,333,613</u>	<u>\$ -</u>	<u>\$ 172,604,513</u>

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

Governmental activities:	
Instruction	\$ 4,558,222
Curriculum and staff development	73,949
School leadership	785,520
Student transportation	409,225
Food services	42,931
Extracurricular activities	212,550
General administration	106,103
Plant maintenance and operations	81,720
Security and monitoring services	108,404
Data processing services	<u>84,532</u>
Total depreciation expense - governmental activities	<u>\$ 6,463,156</u>

F. 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
Aledo Middle School renovations & additions	\$ 34,852,531	\$ 14,143,959	\$ 20,708,572
Annetta Elementary	34,021,082	31,186,933	2,834,149
Aledo Elementary road improvements	2,500,000	1,645,804	854,196
McAnally Intermediate conversion to Vandergriff Elementary	8,413,364	1,972,766	6,440,598
McAnally Middle School	50,918,588	17,940,332	32,978,256
Early Childhood Academy	<u>1,681,368</u>	<u>25,400</u>	<u>1,655,968</u>
Total	<u>\$ 132,386,933</u>	<u>\$ 66,915,194</u>	<u>\$ 65,471,739</u>

G. Long-Term Obligations

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 government activities for the year ended August 31, 2021.

	Beginning Balance	Increases	Decreases	Refunded	Ending Balance	Due Within One Year
<u>Governmental activities:</u>						
Bonds payable	\$ 292,469,208	\$ 62,317,250	\$ 8,047,311	\$ 55,392,471	\$ 291,346,676	\$ 7,403,773
Accreted interest	5,814,808	621,616	307,689	157,067	5,971,668	566,227
Premium on bonds	39,925,685	2,378,135	1,104,074	9,489,667	31,710,079	-
Total	\$ 338,209,701	\$ 65,317,001	\$ 9,459,074	\$ 65,039,205	\$ 329,028,423	\$ 7,970,000

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. In the event of default, the outstanding capital leases payable are secured by the leased assets.

A summary of changes in general obligation bonds for the year ended August 31, 2021, 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	\$ -	\$ 7,106,326	\$ -	\$ 465,000	\$ 376,567	\$ 7,017,893
<u>Series 2012 UTR</u>							
2027, 2.00 - 3.50%	8,519,913	9,675	5,734,575	-	4,375,000	26,788	1,386,363
<u>Series 2013A UTR</u>							
2031, 2.00 - 3.50%	8,985,000	7,450	8,874,538	-	8,639,538	-	235,000
<u>Series 2013B UTR</u>							
2028, 0.40 - 3.13%	16,615,000	214,488	9,820,000	-	6,135,000	-	3,685,000
<u>Series 2014 UTR</u>							
2033, 1.63 - 4.00%	9,330,000	18,450	6,905,000	-	6,905,000	-	-
<u>Series 2015 UTR</u>							
2035, 0.54 - 5.00%	13,195,000	143,800	18,803,577	-	8,770,000	191,507	10,225,084
<u>Series 2015A UTSB</u>							
2045, 2.00 - 5.00%	47,075,000	795,919	42,330,000	-	26,380,000	-	15,950,000
<u>Series 2016 UTR</u>							
2043, 2.00 - 5.00%	54,225,000	2,422,250	53,440,000	-	-	-	53,440,000
<u>Series 2019 UTR</u>							
2034, 2.00 - 5.00%	12,530,000	455,150	11,680,000	-	550,000	-	11,130,000
<u>Series 2020 UTSB</u>							
2050, 2.08 - 5.00%	133,590,000	5,144,350	133,590,000	-	-	-	133,590,000
<u>Series 2021 UTR</u>							
2031, 2.352 - 4.00%	62,317,250	706,348	-	62,317,250	1,685,000	26,754	60,659,004
Total	\$ 373,800,731	\$ 9,917,880	\$ 298,284,016	\$ 62,317,250	\$ 63,904,538	\$ 621,616	\$ 297,318,344

Refunding Bonds Issued

In January 2021, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2021 in the amount of \$55,385,000, for the purpose of refunding a portion of existing bonds at a present value savings. The bonds carry an interest rate of 2.352-4.000%. The proceeds were used to refund \$55,549,538 of six previously issued Unlimited Tax Refunding Bonds and one Unlimited Tax School Building Bond. The reacquisition price exceeded the net carrying amount of the old debt by \$4,800,515. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The refunding reduced the District's total debt service payments by \$12,097,525 and generated an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$9,394,006.

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

Year Ending August 31,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2022	\$ 7,970,000	\$ 10,279,838	\$ 18,249,838
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
2027-2031	46,075,000	40,976,298	87,051,298
2032-2036	53,790,000	33,257,084	87,047,084
2037-2041	62,160,000	22,699,444	84,859,444
2042-2046	59,730,000	10,300,836	70,030,836
2047-2050	34,495,000	2,108,475	36,603,475
Total	\$ 301,740,000	\$ 157,912,721	\$ 459,652,721
Less: remaining accreted interest on bonds	(10,393,324)		
Bonds outstanding at August 31, 2021	\$ 291,346,676		

H. 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, 2021, \$57,885,000 of bonds considered defeased are still outstanding.

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

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

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

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

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

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

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions		\$ 1,360,317
Current fiscal year member contributions		3,216,498
2020 measurement year NECE on-behalf contributions		2,171,015

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, 2019 actuarial valuation was rolled forward to August 31, 2020, and was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
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, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

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

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

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

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Long-Term Expected Geometric Real Rate of Return
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-70.00%	-0.05%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy and Natural Resources	6.00%	6.00%	42.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.00%		7.33%

¹ Target allocations are based on the FY 20 policy model

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/20)

³ 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:	\$ 24,489,016	\$ 15,881,517	\$ 8,888,114

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, the District reported a liability of \$15,881,517 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	\$ 15,881,517
State's proportionate share that is associated with the District	<u>28,180,935</u>
Total	<u>\$ 44,062,452</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0296529544%. which was an increase of 0.0008955447% from its proportion measured as of August 31, 2019.

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

For the year ended August 31, 2021, the District recognized pension expense of \$6,356,492 and revenue of \$3,389,541 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 28,998	\$ 443,211
Changes in actuarial assumptions	3,685,077	1,566,869
Differences between projected and actual investment earnings	321,508	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,134,512	43,451
Contributions paid to TRS subsequent to the measurement date	<u>1,360,317</u>	<u>-</u>
Total	<u>\$ 7,530,412</u>	<u>\$ 2,053,531</u>

\$1,360,317 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 for the year ending August 31, 2022. Other 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
2022	\$ 1,093,574
2023	1,235,315
2024	1,177,455
2025	612,469
2026	(17,078)
Thereafter	14,829

J. 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*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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

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

	Contributions Rates	
	2020	2021
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions	\$	331,821
Current fiscal year member contributions		271,154
2020 measurement year NECE on-behalf contributions		417,181

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

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

Actuarial Assumptions. The total OPEB liability in the August 31, 2019 was rolled forward to August 31, 2020. 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, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted 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 2.33% was used to measure the Total OPEB Liability. There was a decrease of 0.30 percent in the discount rate since the previous year. The Discount Rate can be found in the 2020 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 (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate <u>(1.33%)</u>	Discount Rate <u>(2.33%)</u>	1% Increase in Discount Rate <u>(3.33%)</u>
Proportionate share of net OPEB liability	\$ 18,633,087	\$ 15,527,602	\$ 13,074,715

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2021, the District reported a liability of \$15,527,602 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	\$ 15,527,602
State's proportionate share that is associated with the District	<u>20,865,375</u>
Total	<u>\$ 36,392,977</u>

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

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was 0.040846508% which was an increase of 0.0029654012% from its proportion measured as of August 31, 2019.

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.

	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 12,684,062	\$ 15,527,602	\$ 19,314,796

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

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$324,035 and revenue of \$(144,881) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 813,019	\$ 7,106,225
Changes in actuarial assumptions	957,730	4,263,960
Differences between projected and actual investment earnings	5,046	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,867,230	-
Contributions paid to OPEB subsequent to the measurement date	<u>331,821</u>	<u>-</u>
Total	<u>\$ 6,974,846</u>	<u>\$ 11,370,185</u>

\$331,821 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 for the year ending August 31, 2022. Other 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
2022	\$(911,827)
2023	(912,501)
2024	(912,887)
2025	(912,784)
2026	(498,037)
Thereafter	(579,124)

K. 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	\$ 3,872,530	\$(86,653)	\$ 3,785,877
12 - Instructional resources and media services	40,751	(1,707)	39,044
13 - Curriculum and staff development	138,498	(1,206)	137,292
21 - Instructional leadership	78,537	(2,197)	76,340
23 - School leadership	199,326	(8,348)	190,978
31 - Guidance, counseling, and evaluation services	619,250	(5,724)	613,526
33 - Health services	802,714	(1,653)	801,061
34 - Student transportation	283,482	(7,139)	276,343
35 - Food service	599,794	(4,072)	595,722
36 - Extracurricular activities	79,709	(3,338)	76,371
41 - General administration	345,223	(14,342)	330,881
51 - Facilities and maintenance and operations	237,102	(3,725)	233,377
52 - Security and monitoring services	81,054	(2,428)	78,626
53 - Data processing services	59,365	(2,339)	57,026
61 - Community services	253,147	(10)	253,137
Total	<u>\$ 7,690,482</u>	<u>\$(144,881)</u>	<u>\$ 7,545,601</u>

L. 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, 2021, 2020, and 2019, the subsidy payments received by TRSCare on-behalf of the District were \$187,435 \$166,958, and \$115,126, respectively. The information for the year ended August 31, 2021, 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.

M. Active Employee Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Blue Cross Blue Shield and CVS. 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.

N. 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.

O. Risk Management

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

P. Prior Period Adjustment

During fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities. The beginning net position of the custodial fund was determined to be \$571,206, which is presented as an adjustment to beginning net position in Exhibit E-2.

Q. Extraordinary Item

The District reported an extraordinary item of \$(140,000) as a result of a mediation agreement settlement. The settlement was deemed to be both unusual in nature and infrequent in occurrence.

R. New Accounting Standards

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

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

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 the District in fiscal year 2024.

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**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, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 44,003,141	\$ 44,003,141	\$ 45,093,934	\$ 1,090,793
5800	State program revenues	16,684,966	17,434,966	18,302,047	867,081
5900	Federal program revenues	<u>310,000</u>	<u>310,000</u>	<u>1,234,874</u>	<u>924,874</u>
5020	Total revenues	<u>60,998,107</u>	<u>61,748,107</u>	<u>64,630,855</u>	<u>2,882,748</u>
EXPENDITURES					
Current:					
0011	Instruction	34,118,008	35,089,008	34,394,482	694,526
0012	Instructional resources and media sources	721,246	721,246	650,584	70,662
0013	Curriculum and instructional staff development	739,548	739,548	630,100	109,448
0021	Instructional leadership	881,113	881,113	814,477	66,636
0023	School leadership	3,275,481	3,175,481	3,039,432	136,049
0031	Guidance, counseling, and evaluation services	2,058,426	2,183,426	2,139,487	43,939
0033	Health services	587,127	637,127	604,179	32,948
0034	Student (pupil) transportation	3,123,733	3,123,733	2,916,549	207,184
0035	Food services	3,000	3,000	1,105	1,895
0036	Extracurricular activities	2,917,491	2,717,491	2,383,123	334,368
0041	General administration	2,662,941	2,752,941	2,644,231	108,710
0051	Facilities maintenance and operations	7,100,935	8,208,729	6,962,977	1,245,752
0052	Security and monitoring services	729,910	864,910	839,870	25,040
0053	Data processing services	1,383,375	1,383,375	1,338,364	45,011
Capital Outlay:					
0081	Facilities acquisition and construction	86,000	2,041,809	66,625	1,975,184
Intergovernmental:					
0091	Contracted instructional services between schools	305,000	305,000	251,135	53,865
0099	Other intergovernmental	<u>815,000</u>	<u>840,000</u>	<u>826,160</u>	<u>13,840</u>
6030	Total expenditures	<u>61,508,334</u>	<u>65,667,937</u>	<u>60,502,880</u>	<u>5,165,057</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(510,227)	(3,919,830)	4,127,975	8,047,805
OTHER FINANCING SOURCES (USES)					
7912	Sale of real and personal property	500	500	6,173	5,673
8911	Transfers out (uses)	-	-	(600,000)	(600,000)
7080	Total other financing sources (uses)	<u>500</u>	<u>500</u>	<u>(593,827)</u>	<u>(594,327)</u>
1200	NET CHANGE IN FUND BALANCES	<u>(509,727)</u>	<u>(3,919,330)</u>	<u>3,534,148</u>	<u>7,453,478</u>
8913	EXTRAORDINARY ITEM	-	(140,000)	(140,000)	-
0100	FUND BALANCE, BEGINNING	<u>28,332,782</u>	<u>28,332,782</u>	<u>28,332,782</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 27,823,055</u>	<u>\$ 24,273,452</u>	<u>\$ 31,726,930</u>	<u>\$ 7,453,478</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, 2021

Plan Year Ended August 31,	2020	2019
District's proportion of the net pension liability (asset)	0.029652954%	0.028757410%
District's proportionate share of the net pension liability (asset)	\$ 15,881,517	\$ 14,949,001
State's proportionate share of the net pension liability (asset) associated with the District	28,180,935	25,150,857
Total	\$ 44,062,452	\$ 40,099,858
District's covered payroll	\$ 38,961,847	\$ 34,346,213
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.76%	43.52%
Plan fiduciary net position as a percentage of the total pension liability	75.54%	75.24%

Note: Only seven 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."

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.025277499%	0.022741200%	0.023035900%	0.023582900%	0.013543200%
\$ 13,913,349	\$ 7,271,403	\$ 8,704,926	\$ 8,336,241	\$ 3,617,576
<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>\$ 38,281,739</u>	<u>\$ 21,226,595</u>	<u>\$ 25,383,419</u>	<u>\$ 24,100,332</u>	<u>\$ 17,009,336</u>
\$ 29,738,397	\$ 27,018,924	\$ 26,239,017	\$ 24,798,446	\$ 23,334,205
46.79%	26.91%	33.18%	33.62%	15.50%
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, 2021

Fiscal Year Ended August 31,	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,360,317	\$ 1,223,489
Contributions in relation to the contractually required contribution	(<u>1,360,317</u>)	(<u>1,223,489</u>)
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 41,772,662	\$ 38,961,847
Contribution as a percentage of covered payroll	3.26%	3.14%

Note: Only seven 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."

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,006,552	\$ 1,160,991	\$ 745,322	\$ 731,908	\$ 698,301
(1,006,552)	(1,160,991)	(745,322)	(731,908)	(698,301)
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 34,346,213	\$ 29,738,397	\$ 27,018,924	\$ 26,239,017	\$ 24,798,446
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, 2021

Plan Year Ended August 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.040846508%	0.037881107%	0.033577680%	0.030846800%
District's proportionate share of the net OPEB liability (asset)	\$ 15,527,602	\$ 17,914,438	\$ 16,765,643	\$ 13,414,128
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>20,865,375</u>	<u>23,804,283</u>	<u>26,321,616</u>	<u>21,898,027</u>
Total	\$ <u>36,392,977</u>	\$ <u>41,718,721</u>	\$ <u>43,087,259</u>	\$ <u>35,312,155</u>
District's covered-employee payroll	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397	\$ 27,018,924
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	39.85%	52.16%	56.38%	49.65%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

Note: Only four 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."

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2021

Fiscal year Ended August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 331,821	\$ 310,462	\$ 269,386	\$ 231,638
Contributions in relation to the contractually required contribution	(331,821)	(310,462)	(269,386)	(231,638)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 41,772,662	\$ 38,961,847	\$ 34,346,213	\$ 29,738,397
Contribution as a percentage of covered-employee payroll	0.79%	0.80%	0.78%	0.78%

Note: Only four 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."

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2021

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 0041 – Administration, were related to increased operating and personnel cost associated with increased enrollment.

Debt Service Fund – Amendments were made to reflect adjustments to scheduled debt service payments related to new bond issue.

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

COMBINING STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 424,830
1240	Due from other governments	-	-	-	-
1300	Inventories	-	-	-	97,994
1000	Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,824</u>
LIABILITIES					
2110	Accounts payable	-	-	-	272,591
2160	Accrued wages payable	-	-	-	73,810
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	1,508
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,909</u>
FUND BALANCES					
Nonspendable:					
3410	Inventories	-	-	-	97,994
Restricted for:					
3450	Federal or state funds	-	-	-	76,921
3545	Committed for campus activities	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,915</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,824</u>

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER - School Emergency Relief	277 Coronavirus Relief Fund	282 ESSER - School Emergency Relief II	289 Title IV, Part A, Subpart I
\$ 5,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	216,737	-
-	-	-	-	-	-	-
<u>5,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,737</u>	<u>-</u>
5,664	-	-	-	-	159,243	-
-	-	-	-	-	52,263	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,231	-
-	-	-	-	-	-	-
<u>5,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,737</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>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,737</u>	<u>\$ -</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2021

Data Control Codes		397 Advanced Placement Incentives	410 State Instructional Materials	427 School Safety & Security	429 Other State Special Revenue Funds
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ 24,000	\$ -	\$ 7,406
1240	Due from other governments	-	-	2,396	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>-</u>	<u>24,000</u>	<u>2,396</u>	<u>7,406</u>
	LIABILITIES				
2110	Accounts payable	-	24,000	2,260	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	136	-
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenue	-	-	-	7,406
2000	Total liabilities	<u>-</u>	<u>24,000</u>	<u>2,396</u>	<u>7,406</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>\$ -</u>	<u>\$ 24,000</u>	<u>\$ 2,396</u>	<u>\$ 7,406</u>

461 Campus Activity Funds	490 Education Foundation Grant Awards	Total Nonmajor Special Revenue Funds
\$ 597,265	\$ 8,309	\$ 1,067,474
-	-	219,133
-	-	97,994
<u>597,265</u>	<u>8,309</u>	<u>1,384,601</u>
19,084	6,360	489,202
-	-	126,073
-	-	136
-	1,949	1,949
-	-	6,739
-	-	7,406
<u>19,084</u>	<u>8,309</u>	<u>631,505</u>
-	-	97,994
-	-	76,921
<u>578,181</u>	<u>-</u>	<u>578,181</u>
<u>578,181</u>	<u>-</u>	<u>753,096</u>
<u>\$ 597,265</u>	<u>\$ 8,309</u>	<u>\$ 1,384,601</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ 1,350,848
5800 State program revenues	-	-	-	94,392
5900 Federal program revenues	<u>292,655</u>	<u>992,453</u>	<u>9,905</u>	<u>493,218</u>
5020 Total revenues	<u>292,655</u>	<u>992,453</u>	<u>9,905</u>	<u>1,938,458</u>
EXPENDITURES				
Current:				
0011 Instruction	292,655	471,281	9,905	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	456,502	-	-
0033 Health services	-	64,670	-	-
0035 Food service	-	-	-	2,485,784
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
6030 Total expenditures	<u>292,655</u>	<u>992,453</u>	<u>9,905</u>	<u>2,485,784</u>
1100 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	(547,326)
OTHER FINANCING SOURCES (USES)				
7915 Transfers in	-	-	-	600,000
7080 Total other financing sources (uses)	-	-	-	600,000
1200 NET CHANGE IN FUND BALANCES	-	-	-	52,674
0100 FUND BALANCE, BEGINNING	-	-	-	122,241
3000 FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,915</u>

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER - School Emergency Relief	277 Coronavirus Relief Fund	282 ESSER - School Emergency Relief III	289 Title IV, Part A, Subpart I
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>34,537</u>	<u>82,895</u>	<u>21,973</u>	<u>19,315</u>	<u>198,578</u>	<u>216,737</u>	<u>21,635</u>
<u>34,537</u>	<u>82,895</u>	<u>21,973</u>	<u>19,315</u>	<u>198,578</u>	<u>216,737</u>	<u>21,635</u>
34,537	-	21,973	16,815	50,407	216,737	-
-	-	-	-	-	-	-
-	82,895	-	2,500	-	-	21,635
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	148,171	-	-
-	-	-	-	-	-	-
<u>34,537</u>	<u>82,895</u>	<u>21,973</u>	<u>19,315</u>	<u>198,578</u>	<u>216,737</u>	<u>21,635</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	397 Advanced Placement Incentives	410 State Instructional Materials	427 School Safety & Security	429 Other State Special Revenue Funds
REVENUES				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	56	208,570	23,095	-
5900 Federal program revenues	-	-	-	-
5020 Total revenues	<u>56</u>	<u>208,570</u>	<u>23,095</u>	<u>-</u>
EXPENDITURES				
Current:				
0011 Instruction	-	208,570	-	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	1,795	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	-	-
0033 Health services	-	-	-	-
0035 Food service	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	23,095	-
6030 Total expenditures	<u>1,795</u>	<u>208,570</u>	<u>23,095</u>	<u>-</u>
1100 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,739)	-	-	-
OTHER FINANCING SOURCES (USES)				
7915 Transfers in	-	-	-	-
7080 Total other financing sources (uses)	-	-	-	-
1200 NET CHANGE IN FUND BALANCES	(1,739)	-	-	-
0100 FUND BALANCE, BEGINNING	<u>1,739</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

461 Campus Activity Funds	490 Education Foundation Grant Awards	Total Nonmajor Special Revenue Funds
\$ 448,356	\$ 33,500	\$ 1,832,704
-	-	326,113
-	-	<u>2,383,901</u>
<u>448,356</u>	<u>33,500</u>	<u>4,542,718</u>
311,314	26,990	1,661,184
54,954	-	54,954
-	-	108,825
-	-	456,502
-	-	64,670
-	-	2,485,784
29,841	-	29,841
29,712	-	29,712
-	-	148,171
-	6,510	29,605
<u>425,821</u>	<u>33,500</u>	<u>5,069,248</u>
22,535	-	(526,530)
-	-	<u>600,000</u>
-	-	<u>600,000</u>
22,535	-	73,470
<u>555,646</u>	<u>-</u>	<u>679,626</u>
\$ <u>578,181</u>	\$ <u>-</u>	\$ <u>753,096</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

AUGUST 31, 2021

	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	\$ 47,303	\$ 106,404	\$ 9,338	\$ -	\$ 163,045
Other receivables	-	-	-	27,857	27,857
Inventories	-	7,049	-	-	7,049
Total assets	<u>47,303</u>	<u>113,453</u>	<u>9,338</u>	<u>27,857</u>	<u>197,951</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	3,145	-	-	3,145
Accrued wages payable	5,309	-	-	-	5,309
Due to other funds	-	-	-	19,146	19,146
Accrued expenditures	<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117</u>
Total liabilities	<u>5,426</u>	<u>3,145</u>	<u>-</u>	<u>19,146</u>	<u>27,717</u>
NET POSITION					
Unrestricted	<u>41,877</u>	<u>110,308</u>	<u>9,338</u>	<u>8,711</u>	<u>170,234</u>
Total net position	<u>\$ 41,877</u>	<u>\$ 110,308</u>	<u>\$ 9,338</u>	<u>\$ 8,711</u>	<u>\$ 170,234</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

	715	730	732	733	Total Nonmajor Enterprise Funds
	Pre-K Academy	Bearcat Store	Community Partners	Stadium/Gym Advertising	
OPERATING REVENUES					
Local and intermediate sources	\$ 104,370	\$ 55,987	\$ 100	\$ 86,133	\$ 246,590
State program revenues	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217</u>
Total operating revenues	<u>104,587</u>	<u>55,987</u>	<u>100</u>	<u>86,133</u>	<u>246,807</u>
OPERATING EXPENSES					
Payroll costs	83,074	-	-	-	83,074
Professional and contracted services	-	-	1,499	-	1,499
Supplies and materials	-	40,984	-	-	40,984
Other operating costs	<u>-</u>	<u>3,728</u>	<u>-</u>	<u>139,600</u>	<u>143,328</u>
Total operating expenditures	<u>83,074</u>	<u>44,712</u>	<u>1,499</u>	<u>139,600</u>	<u>268,885</u>
Operating income (loss)	21,513	11,275	(1,399)	(53,467)	(22,078)
NET POSITION, BEGINNING	<u>20,364</u>	<u>99,033</u>	<u>10,737</u>	<u>62,178</u>	<u>192,312</u>
NET POSITION, ENDING	<u>\$ 41,877</u>	<u>\$ 110,308</u>	<u>\$ 9,338</u>	<u>\$ 8,711</u>	<u>\$ 170,234</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2021

	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	\$ 104,587	\$ 62,765	\$ 100	\$ 115,421	\$ 282,873
Cash payments to employees	(77,765)	-	-	-	(77,765)
Cash payments for suppliers	117	(42,783)	-	-	(42,666)
Cash payments for operating expenses	-	(3,728)	(1,499)	(120,454)	(125,681)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>26,939</u>	<u>16,254</u>	<u>(1,399)</u>	<u>(5,033)</u>	<u>36,761</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>20,364</u>	<u>90,150</u>	<u>10,737</u>	<u>5,033</u>	<u>126,284</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 47,303</u>	<u>\$ 106,404</u>	<u>\$ 9,338</u>	<u>\$ -</u>	<u>\$ 163,045</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Net operating income	\$ 21,513	\$ 11,275	\$(1,399)	\$(53,467)	\$(22,078)
Adjustments to reconcile operating income to net cash provided by operating activities:					
(Increase) decrease in receivables	-	-	-	29,288	29,288
(Increase) decrease in inventory	-	6,778	-	-	6,778
Increase (decrease) in accounts payable	-	(1,799)	-	-	(1,799)
Increase (decrease) in accrued wages payable	5,309	-	-	-	5,309
Increase (decrease) in due to other funds	-	-	-	19,146	19,146
Increase (decrease) in accrued expenses	<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117</u>
Net cash provided (used) by operations	<u>\$ 26,939</u>	<u>\$ 16,254</u>	<u>\$(1,399)</u>	<u>\$(5,033)</u>	<u>\$ 36,761</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS

AUGUST 31, 2021

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund
ASSETS				
Cash and cash equivalents	\$ <u>41,122</u>	\$ <u>27,813</u>	\$ <u>1,297</u>	\$ <u>4,066</u>
Total assets	<u>41,122</u>	<u>27,813</u>	<u>1,297</u>	<u>4,066</u>
 NET POSITION				
Restricted for scholarships	<u>41,122</u>	<u>27,813</u>	<u>1,297</u>	<u>4,066</u>
Total net position	<u>\$ <u>41,122</u></u>	<u>\$ <u>27,813</u></u>	<u>\$ <u>1,297</u></u>	<u>\$ <u>4,066</u></u>

820 J. Choate Higher Educ. Fund	821 Angler Club Scholarship Fund	822 S&P Endowment Fund	Total Nonmajor Enterprise Funds
\$ <u>38,719</u>	\$ <u>17,012</u>	\$ <u>-</u>	\$ <u>130,029</u>
<u>38,719</u>	<u>17,012</u>	<u>-</u>	<u>130,029</u>
<u>38,719</u>	<u>17,012</u>	<u>-</u>	<u>130,029</u>
\$ <u><u>38,719</u></u>	\$ <u><u>17,012</u></u>	\$ <u><u>-</u></u>	\$ <u><u>130,029</u></u>

ALEDO INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2021

	816 Don Daniel Endowment Fund	817 Dan Manning Endowment Fund	818 Hyles Attendance Awards	819 FG Aledo Development Fund
ADDITIONS				
Contributions, gifts, and donations	\$ -	\$ -	\$ 499	\$ 3,000
Earnings from temporary deposits	<u>56</u>	<u>41</u>	<u>-</u>	<u>7</u>
Total additions	<u>56</u>	<u>41</u>	<u>499</u>	<u>3,007</u>
DEDUCTIONS				
Other deductions	<u>8,500</u>	<u>7,500</u>	<u>-</u>	<u>1,000</u>
Total deductions	<u>8,500</u>	<u>7,500</u>	<u>-</u>	<u>1,000</u>
CHANGE IN NET POSITION	(8,444)	(7,459)	499	2,007
NET POSITION, BEGINNING	<u>49,566</u>	<u>35,272</u>	<u>798</u>	<u>2,059</u>
NET POSITION, ENDING	\$ <u>41,122</u>	\$ <u>27,813</u>	\$ <u>1,297</u>	\$ <u>4,066</u>

820 J. Choate Higher Educ. Fund	821 Angler Club Scholarship Fund	822 S&P Endowment Fund	Total Nonmajor Enterprise Funds
\$ 20,468	\$ 20,500	\$ 2,000	\$ 46,467
38	12	-	154
<u>20,506</u>	<u>20,512</u>	<u>2,000</u>	<u>46,621</u>
1,993	3,500	2,000	24,493
<u>1,993</u>	<u>3,500</u>	<u>2,000</u>	<u>24,493</u>
18,513	17,012	-	22,128
<u>20,206</u>	<u>-</u>	<u>-</u>	<u>107,901</u>
\$ <u>38,719</u>	\$ <u>17,012</u>	\$ <u>-</u>	\$ <u>130,029</u>

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**REQUIRED TEXAS EDUCATION
AGENCY SCHEDULES**

ALEDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECIEVABLE
FISCAL YEAR ENDED AUGUST 31, 2021

Last Ten Years Ended August 31,	Tax Rates		3 Net Assessed/ Appraised Value for School Tax Purpose
	1 Maintenance	2 Debt Service	
2012 and prior years	various	various	various
2013	1.170000	0.255200	2,465,553,677
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 (School year under audit)	1.054700	0.425000	4,185,623,708
1000 Totals			

10	20	31	32	40	50
Beginning Balance 09/01/20	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 08/31/21
\$ 187,820	\$ -	\$ 3,478	\$ 759	\$(51)	\$ 183,532
26,070	-	1,117	244	(17)	24,692
26,645	-	(3,345)	(730)	(630)	30,090
35,191	-	2,174	474	(9,489)	23,054
32,407	-	(3,013)	(1,094)	(11,086)	25,428
33,333	-	(4,157)	(1,510)	(29,044)	9,956
89,185	-	23,348	8,481	141,107	198,463
113,678	-	123,053	44,699	69,900	15,826
379,056	-	218,182	86,799	118,642	192,717
<u>-</u>	<u>61,934,674</u>	<u>43,959,039</u>	<u>17,729,198</u>	<u>-</u>	<u>246,437</u>
<u>\$ 923,385</u>	<u>\$ 61,934,674</u>	<u>\$ 44,319,876</u>	<u>\$ 17,867,320</u>	<u>\$ 279,332</u>	<u>\$ 950,195</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CHILD NUTRITION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 1,775,000	\$ 1,775,000	\$ 1,350,848	\$ (424,152)
5800	State program revenues	93,719	93,719	94,392	673
5900	Federal program revenues	<u>643,000</u>	<u>643,000</u>	<u>493,218</u>	<u>(149,782)</u>
5020	Total revenues	<u>2,511,719</u>	<u>2,511,719</u>	<u>1,938,458</u>	<u>(573,261)</u>
EXPENDITURES					
0035	Food services	<u>2,735,750</u>	<u>2,735,750</u>	<u>2,485,784</u>	<u>249,966</u>
6030	Total expenditures	<u>2,735,750</u>	<u>2,735,750</u>	<u>2,485,784</u>	<u>249,966</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(224,031)	(224,031)	(547,326)	(323,295)
OTHER FINANCING SOURCES (USES)					
7915	Transfers in	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
1200	NET CHANGE IN FUND BALANCES	(224,031)	(224,031)	52,674	276,705
0100	FUND BALANCE, BEGINNING	<u>122,241</u>	<u>122,241</u>	<u>122,241</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ (101,790)</u>	<u>\$ (101,790)</u>	<u>\$ 174,915</u>	<u>\$ 276,705</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, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 17,525,831	\$ 17,525,831	\$ 17,915,801	\$ 389,970
5800	State program revenues	<u>250,000</u>	<u>250,000</u>	<u>253,147</u>	<u>3,147</u>
5020	Total revenues	<u>17,775,831</u>	<u>17,775,831</u>	<u>18,168,948</u>	<u>393,117</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	6,233,986	8,355,000	8,355,000	-
0072	Interest on long-term debt	12,039,902	9,923,888	9,917,880	6,008
0073	Bond issuance cost and fees	<u>15,000</u>	<u>576,311</u>	<u>571,154</u>	<u>5,157</u>
6030	Total expenditures	<u>18,288,888</u>	<u>18,855,199</u>	<u>18,844,034</u>	<u>11,165</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(513,057)	(1,079,368)	(675,086)	404,282
OTHER FINANCING SOURCES (USES)					
7911	Issuance of refunding bonds	-	55,385,000	55,385,000	-
7916	Premium or discount on issuance of bonds	9,310,384	9,310,384	9,310,384	-
8940	Payment to escrow agent	<u>-</u>	<u>(64,129,073)</u>	<u>(64,129,073)</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>9,310,384</u>	<u>566,311</u>	<u>566,311</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	8,797,327	(513,057)	(108,775)	404,282
0100	FUND BALANCE, BEGINNING	<u>3,282,785</u>	<u>3,282,785</u>	<u>3,282,785</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 12,080,112</u>	<u>\$ 2,769,728</u>	<u>\$ 3,174,010</u>	<u>\$ 404,282</u>

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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, 2021, 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, 2022.

Internal Control Over Financial Reports

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OFFICE LOCATIONS

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

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 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 18, 2022

**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

We have audited Aledo Independent School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Aledo Independent School District's major federal programs for the year ended August 31, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

Waco, Texas
January 18, 2022

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2021

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) 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	\$ 54,410
National School Lunch Program	10.555	71302101	<u>341,994</u>
Total Passed through Texas Education Agency			<u>396,404</u>
<u>Passed through Texas Department of Agriculture:</u>			
NSLP - Commodities - Non-cash assistance	10.555	00901	95,173
COVID-19 - NSLP Emergency Operational Cost Reimbursement	10.555	00901	<u>1,641</u>
Total Passed through State Department of Agriculture			<u>96,814</u>
Total Assistance Listing Number 10.555			<u>343,635</u>
Total Child Nutrition Cluster			<u>493,218</u>
Total U. S. Department of Agriculture			<u>493,218</u>
U.S. Department of Treasury			
<u>Passed through Texas Division of Emergency Management:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	632	<u>36,592</u>
Total Passed through Texas Division of Emergency Management			<u>36,592</u>
<u>Passed through Texas Education Agency:</u>			
COVID-19 - Coronavirus Relief Fund Bulk-Purchase Local Match	21.019	52202002	<u>47,000</u>
Total Passed through Texas Education Agency			<u>47,000</u>
<u>Passed through City of Willow Park:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>47,000</u>
Total Passed through City of Willow Park			<u>47,000</u>
<u>Passed through City of Hudson Oaks:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	674	<u>20,000</u>
Total Passed through City of Hudson Oaks			<u>20,000</u>
<u>Passed through City of Aledo:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	704	<u>30,000</u>
Total Passed through City of Aledo			<u>30,000</u>
<u>Passed through Parker County:</u>			
COVID-19 - Coronavirus Relief Fund	21.019	398	<u>763,569</u>
Total Passed through Parker County			<u>763,569</u>
Total Assistance Listing Number 21.019			<u>944,161</u>
Total U. S. Department of Treasury			<u>944,161</u>
U. S. Department of Education			
<u>Passed through Texas Education Agency:</u>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	20610101161909	<u>292,655</u>
IDEA Part B, Formula	84.027A	216600011849076000	992,453
IDEA Part B, Preschool	84.173A	216610011849076000	<u>9,905</u>
Total IDEA Cluster			<u>1,002,358</u>
Perkins V - Strengthening	84.048A	21420006184907	<u>34,537</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2021

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education (continued)			
<u>Passed through Texas Education Agency (continued):</u>			
Title III, Part A - English Language Acquisition	84.365A	21694501184907	\$ 16,427
Title III, Part A - Immigrant	84.365A	21671003184907	<u>5,546</u>
Total Assistance Listing Number 84.365A			<u>21,973</u>
ESEA, Title II, Part A, Teacher Principal Training	84.367A	21694501184907	82,895
Title IV, Part A, Subpart 1	84.424A	21680101184907	21,635
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	20521001184907	15,552
COVID-19 - Elementary and Secondary School Emergency Relief Fund PNP	84.425D	52102012	<u>3,763</u>
Total Assistance Listing Number 84.425			<u>19,315</u>
Total Passed through Texas Education Agency			<u>1,475,368</u>
Total U. S. Department of Education			<u>1,475,368</u>
Total Expenditures of Federal Awards			<u>\$ 2,912,747</u>

ALEDO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2021. 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)	\$ 3,618,775
Less:	
School Health And Related Services	(489,291)
Elementary and Secondary School Emergency Relief - ARP Act (ESSER III) Funds recognized as revenue for financial statement purposes in the current year, but not reported on SEFA due to grant award notification occurring subsequent to year-end.	<u>(216,737)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 2,912,747</u>

3. INDIRECT COST

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

ALEDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021

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
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Identification of major programs:

Assistance Listing Number(s):	Name of Federal Program or Cluster:
21.019	COVID-19 - Coronavirus Relief Fund

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

None reported

Findings and Questioned Costs for Federal Awards

None reported