

ALEDO INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
AUGUST 31, 2020

ALEDO INDEPENDENT SCHOOL DISTRICT

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ALEDO INDEPENDENT SCHOOL DISTRICT

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Year Ended August 31, 2020**

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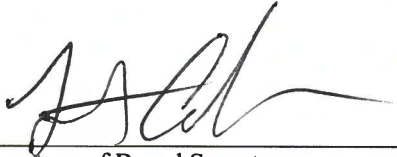
CERTIFICATE OF THE BOARD

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 Aledo Independent School District were reviewed and (check one) approved _____ disapproved for the year ended August 31, 2020, at a meeting of the board of trustees of the District on the 19th day of January, 2021.



Signature of Board Secretary



Signature of Board President

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

Kirk & Richardson, P.C.

Members of the American Institute of Certified Public Accountants
Governmental Audit Quality Center

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

7559 John T. White Rd. * P.O. Box 8342 * Fort Worth, TX 76124
Phone: (817) 451-7406 Fax: (817) 451-7597
Don Richardson, CPA * Sandhya Magar, CPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7-13 and 69 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. Also included as required supplementary information are the following schedules related to the Teacher Retirement System (TRS) of Texas: Schedule of the District's Proportionate Share of the Net Pension Liability – TRS of Texas, Schedule of District Contributions – TRS of Texas, Schedule of the District's Proportionate Share of the Net OPEB Liability – TRS of Texas, Schedule of District Contributions for Other Post-Employment Benefits – TRS of Texas, and the Notes to Required Supplementary Information as reported on pages 70 through 76 respectively. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-4, and J-5. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 13, 2021



MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020
UNAUDITED

As management of the Aleido 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, 2020. Please read this narrative in conjunction with the independent auditor’s report and the District’s financial statements, which follow this section.

- The District rated “Superior Achievement” in financial management based on 15 financial indicators of the TEA Financial Integrity Rating System of Texas.
- The District’s continues to be efficient in collecting ad valorem taxes.
- The District issued \$133,590,000 in Unlimited Tax School Building Bonds, Series 2020 for (i) the construction, renovation, acquisition of school buses; (ii) to fund capitalized interest on the Bonds, and (iii) to pay costs of issuance related to the Bonds.
- The District’s governmental activities net position at the close of its fiscal year was \$(58,491,217) as compared to \$(60,225,825) last year. The net position from current year operations increased by \$1,734,608. Net investment in capital assets is \$(72,796,505). Unrestricted net position is \$(11,775,060). Restricted net position is \$26,080,348 as follows:

| | |
|----------------------------|------------|
| Federal and State Programs | \$ 123,980 |
| Debt Service | 2,600,485 |
| Capital Projects | 22,800,237 |
| Campus Activities | 555,646 |

- The District’s business-type activities net position is \$192,312, a decrease of \$(95,632) from last year.
- As of the close of the current fiscal year, the District’s governmental funds reported a combined ending fund balance of \$180,441,177 a net increase of \$146,175,728 over the prior year. The General Fund had a net increase of \$4,477,472. This resulted from an increase of \$4,791,589 from current year operations, plus an additional \$296 from Other Resources – Sale of Real & Personal Property, and \$34,587 from Other Resources – Co-op Distribution and Royalty. These amounts were offset by a Transfer Out of \$(100,000) to National Breakfast & Lunch Program. The Debt Service Fund had a net increase of \$393,886 consisting of a decrease of \$(901,864) from current year operations and offset by \$1,295,750 Premium or Discount on Bonds. The Capital Projects Fund had a net increase of \$141,572,576 consisting of a decrease of \$(9,568,047) from current operations offset by \$133,590,000 from Capital Related Debt Issued and \$17,550,623 from Premium or Discount on Issuance of Bonds. Other Funds had a net decrease of \$(268,206). This amount is result of current year operations decreasing in the National Breakfast & Lunch Program by \$(451,043) and the Campus Activity Funds increasing by \$82,837. These amounts were offset by the \$100,000 Transfer In to the National Breakfast & Lunch Program.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,532,782, or 45%, of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$21,055,310, or 42%, of total General Fund expenditures.
- Due to COVID the District added the Summer Feeding Program during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements - These statements provide information about the activities of the District as a whole and present both a long-term and short-term view of the District's finances. The government-wide financial statements include the statement of net position and the statement of activities.

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

The statement of activities presents information on the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (government activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

- Fund financial statements – These statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All the funds of the District can be divided into three categories; governmental funds, proprietary funds, and fiduciary funds.

- Governmental funds – these funds 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.
- Proprietary funds – Proprietary funds are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type funds, as net income and financial position are to be determined. These funds utilize the accrual basis of accounting. The District had several enterprise funds during the year. A budget is not required to be approved by the District's Board of Trustees. Expenses of an enterprise operation, including depreciation, are generally intended to be financed or recovered primarily through user charges, rather than from governmental grants or subsidies.
- Fiduciary funds – these funds provide information about activities for which the District acts solely as a trustee or agent for the benefit of others, for example, student activity funds and scholarships for graduating students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's 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 statements and the fund financial statements.

**Table 2
Statement of Activities**

| | Governmental Activities | |
|---|-------------------------|-----------------------|
| | 2020 | 2019 |
| REVENUES: | | |
| Program revenues: | | |
| Charges for services | \$ 2,491,891 | \$ 3,149,072 |
| Operating grants and contributions | 7,781,023 | 6,534,364 |
| General revenues: | | |
| Maintenance and operations taxes | 42,559,547 | 39,672,006 |
| Debt service taxes | 17,018,701 | 14,434,861 |
| State aid – formula grants | 13,862,374 | 9,171,278 |
| Grants and contributions not restricted | 591,829 | 1,034,603 |
| Investment earnings | 770,638 | 1,086,355 |
| Miscellaneous local & intermediate revenue | 560,407 | 504,495 |
| Extraordinary Item – Mediation agreement | (249,000) | 0 |
| Total revenues | <u>85,387,410</u> | <u>75,587,034</u> |
| EXPENSES: | | |
| Instruction & instructional-related services | 44,566,007 | 38,574,250 |
| Instructional & school leadership | 5,002,792 | 4,655,546 |
| Guidance, social work, health, transportation | 6,600,338 | 5,620,716 |
| Food service | 2,623,842 | 2,534,023 |
| Extracurricular activities | 3,087,747 | 2,704,770 |
| General administration | 3,135,937 | 2,429,921 |
| Plant maintenance & security | 7,664,168 | 8,099,737 |
| Data processing services | 1,289,804 | 1,617,782 |
| Community services | 7,128 | 3,669 |
| Debt service | 8,635,131 | 7,271,277 |
| Intergovernmental charges | 1,039,908 | 1,829,808 |
| Total expenses | <u>83,652,802</u> | <u>75,341,499</u> |
| Increase/(Decrease) in net position before inflows/ outflows and special items | 1,734,608 | 245,535 |
| Net position beginning of year | (60,225,825) | (60,471,360) |
| Prior period adjustment | 0 | 0 |
| Net position end of year | <u>\$(58,491,217)</u> | <u>\$(60,225,825)</u> |

| | Business Type Activities | |
|---|--------------------------|------------------|
| | 2020 | 2019 |
| REVENUES | <u>\$152,770</u> | <u>\$314,076</u> |
| EXPENSES | <u>248,402</u> | <u>283,926</u> |
| Increase/(Decrease) in net position before inflows/ outflows and special items | (95,632) | 30,150 |
| Net position beginning of year | 287,944 | 257,794 |
| Net position end of year | <u>\$192,312</u> | <u>\$287,944</u> |

Governmental Revenue by Source

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2020 | 2019 |
| Program Revenues: | | |
| Charges for services | 2.9% | 4.2% |
| Operating grants and contributions | 9.1% | 8.6% |
| General Revenues: | | |
| Maintenance & operating taxes | 49.8% | 52.5% |
| Debt service taxes | 19.9% | 19.1% |
| State aid – formula grants | 16.2% | 12.1% |
| Grants and contributions not restricted | 0.7% | 1.4% |
| All others | 1.4% | 2.1% |
| Total Revenues | <u>100.0%</u> | <u>100.0%</u> |

Governmental Expenses by Function

| | Governmental Activities | |
|---|-------------------------|--------|
| | 2020 | 2019 |
| Instruction & instructional-related services | 53.3% | 51.2% |
| Instructional & school leadership | 6.0% | 6.2% |
| Guidance, social work, health, transportation | 7.9% | 7.5% |
| Food service | 3.1% | 3.4% |
| Extracurricular activities | 3.7% | 3.6% |
| General administration | 3.7% | 3.2% |
| Plant maintenance & security | 9.2% | 10.8% |
| Data processing services | 1.5% | 2.1% |
| Debt service | 10.3% | 9.6% |
| Intergovernmental charges | 1.3% | 2.4% |
| Total Expenses | 100.0% | 100.0% |

The District's governmental activities net position increased by \$1,734,608, or 2.8%, from current fiscal year operations as shown below.

- 1) Total net change in Fund Balances – Governmental Funds: \$146,175,728
- 2) Capital outlays and long-term debt principal: \$(135,286,606)
- 3) Depreciation: \$(6,380,799)
- 4) GASB 68 adjustments: \$(2,176,642)
- 5) GASB 75 adjustments: \$(657,584)
- 5) Other miscellaneous adjustments: \$60,511

The District is required under GASB 68 and GASB 75 to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan and TRS other post-employment benefits. The required entries to record the effects of GASB 68 and GASB 75, are book entries only in the statement of governmental activities and do not affect the funding of the District. These entries decreased the District's ending net position and are discussed in greater detail in the notes to the financial statements.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

The District's governmental funds reported a combined ending fund balance of \$180,441,177, a net increase of \$146,175,728 over last year's combined fund balance. Unassigned fund balance is \$25,532,782, or 14.1%, and is available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as nonspendable, restricted, committed, or assigned for the following items:

| | |
|--|---------------|
| Nonspendable fund balance: | |
| Inventories - | |
| National Breakfast & Lunch Program | \$101,223 |
| Other non-spendable fund balance - | |
| Capital Projects Fund | \$3,360,126 |
| Restricted fund balance: | |
| Federal or state funds grant restrictions - | |
| National Breakfast & Lunch Program | \$21,018 |
| Advanced Placement Incentives | 1,739 |
| Total | 22,757 |
| Capital acquisition & contractual obligations - | |
| Capital Projects Fund | \$144,785,858 |
| Retirement of long-term debt - | |
| Debt Service Fund | \$3,282,785 |
| Committed fund balance: | |
| Other committed fund balance - Campus activity funds | \$555,646 |
| Assigned fund balance: | |
| Capital expenditures for equipment | \$2,800,000 |

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 \$812,000 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 \$28,332,782 differs from the General Fund's budgetary fund balance of \$25,182,235. The difference of \$3,150,547 is primarily due to actual state program revenues exceeding budgeted state program revenues by \$2,288,380 and actual expenditures being \$1,467,524 less than budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$116,270,900 (net of accumulated depreciation) for a net decrease of \$(46,437) 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.

| CAPITAL ASSETS | | |
|---------------------------|---------------|---------------|
| | 2020 | 2019 |
| Land | \$ 7,725,812 | \$ 7,725,812 |
| Buildings & improvements | 182,756,353 | 182,741,855 |
| Furniture & equipment | 12,900,210 | 11,872,467 |
| Total at historical costs | 203,382,375 | 202,340,134 |
| Construction-in-progress | 5,277,017 | 0 |
| Less depreciation | (92,388,492) | (86,022,797) |
| Totals | \$116,270,900 | \$116,317,337 |

Debt Service

At year-end, the District had \$338,209,701 in long-term debt versus \$197,608,616 last year, for a net increase of \$140,601,085. These amounts exclude the District's share of net pension liability and net OPEB liability.

| LONG TERM DEBT | | |
|--|---------------|---------------|
| | 2020 | 2019 |
| Bonds payable | \$286,308,275 | \$162,844,869 |
| Accreted interest | 11,975,741 | 11,767,265 |
| Unamortized premium/(discount) | 39,925,685 | 22,996,482 |
| Sub-totals | 338,209,701 | 197,608,616 |
| Net pension liability (District share – TRS) | 14,949,001 | 13,913,349 |
| Net OPEB Liability (District share – TRS) | 17,914,438 | 16,765,643 |
| Totals | \$371,073,140 | \$228,287,608 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

- The District's 2019-2020 student attendance rate decreased slightly to 96.4% from 96.7% in 2018-2019. The 2019-2020 student enrollment growth was 308 students, a 5.0% increase.

- The 2019 certified taxable value of all property in the District was \$4,178,933,119, an increase in value of \$632.04 million, or 17.82%, from the 2018 certified taxable 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.
- During the 2019-2020 fiscal year, the District called for redemption prior to maturity \$3,995,000 of Aledo ISD Unlimited Tax Refunding Bonds Series 2007 and Aledo ISD Unlimited Tax Refunding Bonds Series 2012. The District was able to take this action without increasing the Debt Service tax rate due to the increase in the certified taxable value.
- Following is the outlook for the 2020-2021 fiscal year:
 - The uncertainty to district operations created by the COVID-19 pandemic led the District to be very conservative with the budget assumptions/projections used for the development of the District's 2020-2021 budget. For instance, current year tax collections were based on a 97.5% collection rate rather than the typical 99.0%. Also, the projected average daily attendance was reduced because of the anticipated impact of COVID-19 on student attendance rates. Lastly, the 2020-2021 General Fund budget expenditures include approximately \$987,000 of additional operational costs to address the COVID-19 pandemic.
 - The most recent demographic projection of student enrollment growth forecasts an additional 310 students, a 4.8% 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 value.
 - The Maintenance and Operations tax rate was adopted at \$1.0547 per \$100 valuation and the Debt Service tax rate was adopted at \$0.4250 per \$100 valuation for a total tax rate of \$1.4797 per \$100 valuation. This is a decrease of \$0.0136 in the District's total tax rate.
 - Due to the smaller increase in taxable property values and a projected lower current year tax collection rate, 2020-2021 budgeted current year local tax revenues in the General Fund increased by \$202,575 to \$43,092,141. Budgeted state revenues and other revenue resources increased to \$17,906,466 primarily because of public school finance changes in House Bill 3, change in taxable property values, and projected student enrollment growth. This results in total 2020-2021 budgeted General Fund revenues of \$60,998,607 with General Fund expenditures budgeted at \$61,508,334.
 - Due to the smaller increase in taxable property values and a projected lower current year tax collection rate, 2020-2021 budgeted local revenues in the Debt Service Fund increased to \$17,525,831 while budgeted state revenues remained stable at \$250,000. Budgeted Debt Service Fund expenditures decreased to \$18,288,888. The fund balance in the Debt Service Fund is projected to decrease to \$2,375,842.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Aledo Independent School District's Business Office.

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BASIC FINANCIAL STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT A-1

| Data Control Codes | 1 | 2 Primary Government | 3 |
|--|----------------------------|--------------------------------|------------------------|
| | Governmental Activities | Business Type Activities | Total |
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 2,688,583 | \$ 126,284 | \$ 2,814,867 |
| 1120 Current Investments | 183,333,668 | - | 183,333,668 |
| 1220 Property Taxes - Delinquent | 923,385 | - | 923,385 |
| 1230 Allowance for Uncollectible Taxes | (471,638) | - | (471,638) |
| 1240 Due from Other Governments | 1,744,900 | - | 1,744,900 |
| 1290 Other Receivables, Net | - | 57,145 | 57,145 |
| 1300 Inventories | 101,223 | 13,827 | 115,050 |
| Capital Assets: | | | |
| 1510 Land | 7,725,812 | - | 7,725,812 |
| 1520 Buildings, Net | 99,501,156 | - | 99,501,156 |
| 1530 Furniture and Equipment, Net | 3,766,915 | - | 3,766,915 |
| 1580 Construction in Progress | 5,277,017 | - | 5,277,017 |
| 1000 Total Assets | <u>304,591,021</u> | <u>197,256</u> | <u>304,788,277</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| 1701 Deferred Charge for Refunding | 11,820,808 | - | 11,820,808 |
| 1705 Deferred Outflow Related to TRS Pension | 8,646,061 | - | 8,646,061 |
| 1706 Deferred Outflow Related to TRS OPEB | 5,878,645 | - | 5,878,645 |
| 1700 Total Deferred Outflows of Resources | <u>26,345,514</u> | <u>-</u> | <u>26,345,514</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | 4,641,652 | 4,944 | 4,646,596 |
| 2140 Interest Payable | 682,300 | - | 682,300 |
| 2160 Accrued Wages Payable | 2,607,711 | - | 2,607,711 |
| 2180 Due to Other Governments | 35,329 | - | 35,329 |
| 2200 Accrued Expenses | 74,850 | - | 74,850 |
| 2300 Unearned Revenue | 67,655 | - | 67,655 |
| Noncurrent Liabilities: | | | |
| 2501 Due Within One Year | 6,233,986 | - | 6,233,986 |
| 2502 Due in More Than One Year | 331,975,715 | - | 331,975,715 |
| 2540 Net Pension Liability (District's Share) | 14,949,001 | - | 14,949,001 |
| 2545 Net OPEB Liability (District's Share) | 17,914,438 | - | 17,914,438 |
| 2000 Total Liabilities | <u>379,182,637</u> | <u>4,944</u> | <u>379,187,581</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2605 Deferred Inflow Related to TRS Pension | 2,495,062 | - | 2,495,062 |
| 2606 Deferred Inflow Related to TRS OPEB | 7,750,053 | - | 7,750,053 |
| 2600 Total Deferred Inflows of Resources | <u>10,245,115</u> | <u>-</u> | <u>10,245,115</u> |
| NET POSITION | | | |
| 3200 Net Investment in Capital Assets | (72,796,505) | - | (72,796,505) |
| Restricted: | | | |
| 3820 Restricted for Federal and State Programs | 123,980 | - | 123,980 |
| 3850 Restricted for Debt Service | 2,600,485 | - | 2,600,485 |
| 3860 Restricted for Capital Projects | 22,800,237 | - | 22,800,237 |
| 3870 Restricted for Campus Activities | 555,646 | - | 555,646 |
| 3900 Unrestricted | (11,775,060) | 192,312 | (11,582,748) |
| 3000 Total Net Position | <u>\$ (58,491,217)</u> | <u>\$ 192,312</u> | <u>\$ (58,298,905)</u> |

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

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | 1 | Program Revenues | |
|--|--|-------------------------|--|
| | | 3 | 4 |
| | Expenses | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| 11 Instruction | \$ 43,093,398 | \$ 773,513 | \$ 4,390,126 |
| 12 Instructional Resources and Media Services | 751,370 | - | 60,869 |
| 13 Curriculum and Instructional Staff Development | 721,239 | - | 128,417 |
| 21 Instructional Leadership | 848,446 | - | 72,195 |
| 23 School Leadership | 4,154,346 | - | 295,223 |
| 31 Guidance, Counseling, and Evaluation Services | 2,561,026 | - | 560,035 |
| 33 Health Services | 660,233 | - | 97,415 |
| 34 Student (Pupil) Transportation | 3,379,079 | - | 247,807 |
| 35 Food Services | 2,623,842 | 1,286,258 | 888,625 |
| 36 Extracurricular Activities | 3,087,747 | 372,152 | 108,810 |
| 41 General Administration | 3,135,937 | - | 582,991 |
| 51 Facilities Maintenance and Operations | 6,725,142 | 59,968 | 124,171 |
| 52 Security and Monitoring Services | 939,026 | - | 151,441 |
| 53 Data Processing Services | 1,289,804 | - | 72,733 |
| 61 Community Services | 7,128 | - | 165 |
| 72 Debt Service - Interest on Long-Term Debt | 7,438,752 | - | - |
| 73 Debt Service - Bond Issuance Cost and Fees | 1,196,379 | - | - |
| 91 Contracted Instructional Services Between Schools | 258,842 | - | - |
| 99 Other Intergovernmental Charges | 781,066 | - | - |
| [TG] Total Governmental Activities: | <u>83,652,802</u> | <u>2,491,891</u> | <u>7,781,023</u> |
| BUSINESS-TYPE ACTIVITIES: | | | |
| 01 Aledo ISD Pre-K Academy | 58,621 | 58,621 | - |
| 02 Aledo ISD Bearcat Store | 47,107 | 54,814 | - |
| 03 Community Partners | 1,128 | 3,000 | - |
| 04 Stadium/Gym Advertising | 141,546 | 36,335 | - |
| [TB] Total Business-Type Activities: | <u>248,402</u> | <u>152,770</u> | <u>-</u> |
| [TP] TOTAL PRIMARY GOVERNMENT: | <u>\$ 83,901,204</u> | <u>\$ 2,644,661</u> | <u>\$ 7,781,023</u> |
| Data Control Codes | General Revenues: | | |
| MT | Taxes: | | |
| DT | Property Taxes, Levied for General Purposes | | |
| SF | Property Taxes, Levied for Debt Service | | |
| GC | State Aid - Formula Grants | | |
| IE | Grants and Contributions not Restricted | | |
| MI | Investment Earnings | | |
| E2 | Miscellaneous Local and Intermediate Revenue | | |
| TR | Extraordinary Item - (Use) - Mediation Agreement | | |
| | Total General Revenues & Extraordinary Items | | |
| CN | Change in Net Position | | |
| NB | Net Position - Beginning | | |
| NE | Net Position - Ending | | |

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

Net (Expense) Revenue and
Changes in Net Position

| 6 | 7 | 8 |
|----------------------------|-----------------------------|------------------------|
| Primary Government | | |
| Governmental Activities | Business Type Activities | Total |
| \$ (37,929,759) | \$ - | \$ (37,929,759) |
| (690,501) | - | (690,501) |
| (592,822) | - | (592,822) |
| (776,251) | - | (776,251) |
| (3,859,123) | - | (3,859,123) |
| (2,000,991) | - | (2,000,991) |
| (562,818) | - | (562,818) |
| (3,131,272) | - | (3,131,272) |
| (448,959) | - | (448,959) |
| (2,606,785) | - | (2,606,785) |
| (2,552,946) | - | (2,552,946) |
| (6,541,003) | - | (6,541,003) |
| (787,585) | - | (787,585) |
| (1,217,071) | - | (1,217,071) |
| (6,963) | - | (6,963) |
| (7,438,752) | - | (7,438,752) |
| (1,196,379) | - | (1,196,379) |
| (258,842) | - | (258,842) |
| (781,066) | - | (781,066) |
| <u>(73,379,888)</u> | <u>-</u> | <u>(73,379,888)</u> |
| - | - | - |
| - | 7,707 | 7,707 |
| - | 1,872 | 1,872 |
| - | (105,211) | (105,211) |
| <u>-</u> | <u>(95,632)</u> | <u>(95,632)</u> |
| <u>(73,379,888)</u> | <u>(95,632)</u> | <u>(73,475,520)</u> |
| 42,559,547 | - | 42,559,547 |
| 17,018,701 | - | 17,018,701 |
| 13,862,374 | - | 13,862,374 |
| 591,829 | - | 591,829 |
| 770,638 | - | 770,638 |
| 560,407 | - | 560,407 |
| (249,000) | - | (249,000) |
| <u>75,114,496</u> | <u>-</u> | <u>75,114,496</u> |
| 1,734,608 | (95,632) | 1,638,976 |
| (60,225,825) | 287,944 | (59,937,881) |
| <u>\$ (58,491,217)</u> | <u>\$ 192,312</u> | <u>\$ (58,298,905)</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2020

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 1,779,498 | \$ 6,181 | \$ 21,156 |
| 1120 Investments - Current | 29,138,901 | 3,297,870 | 150,896,897 |
| 1220 Property Taxes - Delinquent | 694,561 | 228,824 | - |
| 1230 Allowance for Uncollectible Taxes | (364,684) | (106,954) | - |
| 1240 Due from Other Governments | 1,303,302 | 12,103 | - |
| 1300 Inventories | - | - | - |
| 1000 Total Assets | <u>\$ 32,551,578</u> | <u>\$ 3,438,024</u> | <u>\$ 150,918,053</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ 1,217,793 | \$ - | \$ 2,755,398 |
| 2160 Accrued Wages Payable | 2,553,853 | - | - |
| 2180 Due to Other Governments | - | 33,369 | - |
| 2200 Accrued Expenditures | 57,080 | - | 16,671 |
| 2300 Unearned Revenue | 60,193 | - | - |
| 2000 Total Liabilities | <u>3,888,919</u> | <u>33,369</u> | <u>2,772,069</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 Unavailable Revenue - Property Taxes | 329,877 | 121,870 | - |
| 2600 Total Deferred Inflows of Resources | <u>329,877</u> | <u>121,870</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable Fund Balance: | | | |
| 3410 Inventories | - | - | - |
| 3445 Other Non-Spendable Fund Balance | - | - | 3,360,126 |
| Restricted Fund Balance: | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - |
| 3470 Capital Acquisition and Contractual Obligation | - | - | 144,785,858 |
| 3480 Retirement of Long-Term Debt | - | 3,282,785 | - |
| Committed Fund Balance: | | | |
| 3545 Other Committed Fund Balance | - | - | - |
| Assigned Fund Balance: | | | |
| 3570 Capital Expenditures for Equipment | 2,800,000 | - | - |
| 3600 Unassigned Fund Balance | 25,532,782 | - | - |
| 3000 Total Fund Balances | <u>28,332,782</u> | <u>3,282,785</u> | <u>148,145,984</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 32,551,578</u> | <u>\$ 3,438,024</u> | <u>\$ 150,918,053</u> |

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

| Other Funds | Total Governmental Funds |
|---------------------|--------------------------------|
| \$ 881,748 | \$ 2,688,583 |
| - | 183,333,668 |
| - | 923,385 |
| - | (471,638) |
| 429,495 | 1,744,900 |
| 101,223 | 101,223 |
| <u>\$ 1,412,466</u> | <u>\$ 188,320,121</u> |
| | |
| \$ 668,461 | \$ 4,641,652 |
| 53,858 | 2,607,711 |
| 1,960 | 35,329 |
| 1,099 | 74,850 |
| 7,462 | 67,655 |
| <u>732,840</u> | <u>7,427,197</u> |
| | |
| - | 451,747 |
| <u>-</u> | <u>451,747</u> |
| | |
| 101,223 | 101,223 |
| - | 3,360,126 |
| 22,757 | 22,757 |
| - | 144,785,858 |
| - | 3,282,785 |
| 555,646 | 555,646 |
| - | 2,800,000 |
| - | 25,532,782 |
| <u>679,626</u> | <u>180,441,177</u> |
| | |
| <u>\$ 1,412,466</u> | <u>\$ 188,320,121</u> |

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ALEDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2020

EXHIBIT C-2

| | |
|--|-----------------|
| Total Fund Balances - Governmental Funds | \$ 180,441,177 |
| 1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$202,340,134 and the accumulated depreciation was \$(86,022,797). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. | (69,132,888) |
| 2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. This also includes reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of including the 2020 capital outlays, debt principal payments, and transactions for new refunding bonds is to decrease net position. | (135,286,606) |
| 3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$8,646,061, a deferred resource inflow in the amount of \$2,495,062, and a net pension liability in the amount of \$14,949,001. This resulted in a decrease in net position. | (8,798,002) |
| 4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$5,878,645, a deferred resource inflow in the amount of \$7,750,053, and a net OPEB liability in the amount of \$17,914,438. This resulted in a decrease in net position. | (19,785,846) |
| 5 The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. | (6,380,799) |
| 6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and other miscellaneous adjustments. The net effect of these reclassifications and recognitions is to increase net position. | 451,747 |
| 19 Net Position of Governmental Activities | \$ (58,491,217) |

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ 43,908,889 | \$ 17,138,663 | \$ 209,497 |
| 5800 State Program Revenues | 16,765,764 | 221,471 | - |
| 5900 Federal Program Revenues | 323,037 | - | - |
| 5020 Total Revenues | <u>60,997,690</u> | <u>17,360,134</u> | <u>209,497</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 31,664,427 | - | 1,877,386 |
| 0012 Instructional Resources and Media Services | 663,914 | - | - |
| 0013 Curriculum and Instructional Staff Development | 501,370 | - | - |
| 0021 Instructional Leadership | 774,445 | - | - |
| 0023 School Leadership | 3,074,568 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | 1,923,940 | - | - |
| 0033 Health Services | 562,689 | - | - |
| 0034 Student (Pupil) Transportation | 2,903,802 | - | 764,278 |
| 0035 Food Services | 1,306 | - | 44,602 |
| 0036 Extracurricular Activities | 2,618,708 | - | - |
| 0041 General Administration | 2,690,327 | - | - |
| 0051 Facilities Maintenance and Operations | 5,822,349 | - | 660,858 |
| 0052 Security and Monitoring Services | 695,789 | - | - |
| 0053 Data Processing Services | 1,104,857 | - | 50,000 |
| Debt Service: | | | |
| 0071 Principal on Long-Term Debt | - | 10,126,594 | - |
| 0072 Interest on Long-Term Debt | - | 8,127,563 | - |
| 0073 Bond Issuance Cost and Fees | - | 7,841 | 1,188,538 |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | 163,702 | - | 5,191,882 |
| Intergovernmental: | | | |
| 0091 Contracted Instructional Services Between Schools | 258,842 | - | - |
| 0099 Other Intergovernmental Charges | 781,066 | - | - |
| 6030 Total Expenditures | <u>56,206,101</u> | <u>18,261,998</u> | <u>9,777,544</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>4,791,589</u> | <u>(901,864)</u> | <u>(9,568,047)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| 7911 Capital Related Debt Issued | - | - | 133,590,000 |
| 7912 Sale of Real and Personal Property | 296 | - | - |
| 7915 Transfers In | - | - | - |
| 7916 Premium or Discount on Issuance of Bonds | - | 1,295,750 | 17,550,623 |
| 7949 Other Resources - Co-op Distribution & Royalties | 34,587 | - | - |
| 8911 Transfers Out (Use) | (100,000) | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>(65,117)</u> | <u>1,295,750</u> | <u>151,140,623</u> |
| EXTRAORDINARY ITEMS: | | | |
| 8913 Extraordinary Item - (Use) - Mediation Agreement | (249,000) | - | - |
| 1200 Net Change in Fund Balances | 4,477,472 | 393,886 | 141,572,576 |
| 0100 Fund Balance - September 1 (Beginning) | 23,855,310 | 2,888,899 | 6,573,408 |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 28,332,782</u> | <u>\$ 3,282,785</u> | <u>\$ 148,145,984</u> |

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

| | Other Funds | Total Governmental Funds |
|----|----------------|--------------------------------|
| \$ | 2,048,741 | \$ 63,305,790 |
| | 748,834 | 17,736,069 |
| | 2,339,533 | 2,662,570 |
| | 5,137,108 | 83,704,429 |
| | 2,088,906 | 35,630,719 |
| | 29,605 | 693,519 |
| | 114,240 | 615,610 |
| | - | 774,445 |
| | 4,267 | 3,078,835 |
| | 397,619 | 2,321,559 |
| | 44,250 | 606,939 |
| | 6,306 | 3,674,386 |
| | 2,576,943 | 2,622,851 |
| | 141,595 | 2,760,303 |
| | 12,093 | 2,702,420 |
| | 5,162 | 6,488,369 |
| | 76,078 | 771,867 |
| | 8,250 | 1,163,107 |
| | - | 10,126,594 |
| | - | 8,127,563 |
| | - | 1,196,379 |
| | - | 5,355,584 |
| | - | 258,842 |
| | - | 781,066 |
| | 5,505,314 | 89,750,957 |
| | (368,206) | (6,046,528) |
| | - | 133,590,000 |
| | - | 296 |
| | 100,000 | 100,000 |
| | - | 18,846,373 |
| | - | 34,587 |
| | - | (100,000) |
| | 100,000 | 152,471,256 |
| | - | (249,000) |
| | (268,206) | 146,175,728 |
| | 947,832 | 34,265,449 |
| \$ | 679,626 | \$ 180,441,177 |

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ALEDO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2020

EXHIBIT C-4

| | |
|--|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 146,175,728 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. This also includes reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of including the 2020 capital outlays, debt principal payments, and transactions for new refunding bonds is to decrease net position. | (135,286,606) |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. | (6,380,799) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and other miscellaneous adjustments. The net effect of these reclassifications and recognitions is to increase net position. | 60,511 |
| 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 \$1,223,489. 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 \$1,006,552. 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 \$2,393,579. The net result is a decrease in the change in net position. | (2,176,642) |
| 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 \$310,462. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$269,386. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$698,660. The net result is a decrease in the change in net position. | (657,584) |
| Change in Net Position of Governmental Activities | \$ 1,734,608 |

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

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2020

| | Business-Type Activities |
|---------------------------|------------------------------|
| | Total Enterprise Funds |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 126,284 |
| Other Receivables | 57,145 |
| Inventories | <u>13,827</u> |
| Total Assets | <u>197,256</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | <u>4,944</u> |
| Total Liabilities | <u>4,944</u> |
| NET POSITION | |
| Unrestricted Net Position | <u>192,312</u> |
| Total Net Position | <u><u>\$ 192,312</u></u> |

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

ALEDO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| | Business-Type Activities |
|--|------------------------------|
| | Total Enterprise Funds |
| OPERATING REVENUES: | |
| Local and Intermediate Sources | \$ 152,669 |
| State Program Revenues | 101 |
| Total Operating Revenues | <u>152,770</u> |
| OPERATING EXPENSES: | |
| Payroll Costs | 58,185 |
| Professional and Contracted Services | 500 |
| Supplies and Materials | 32,937 |
| Other Operating Costs | 156,780 |
| Total Operating Expenses | <u>248,402</u> |
| Operating Income (Loss) | (95,632) |
| Total Net Position - September 1 (Beginning) | <u>287,944</u> |
| Total Net Position - August 31 (Ending) | <u><u>\$ 192,312</u></u> |

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

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

| | Business-Type Activities |
|---|------------------------------|
| | Total Enterprise Funds |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from User Charges | \$ 180,858 |
| Cash Payments to Employees for Services | (58,084) |
| Cash Payments for Suppliers | (40,021) |
| Cash Payments for Other Operating Expenses | (158,102) |
| Net Cash Used for Operating Activities | (75,349) |
| Net Decrease in Cash and Cash Equivalents | (75,349) |
| Cash and Cash Equivalents at Beginning of Year | 201,633 |
| Cash and Cash Equivalents at End of Year | \$ 126,284 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | |
| <u>Used for Operating Activities:</u> | |
| Operating Income (Loss): | \$ (95,632) |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Receivables | 28,189 |
| Decrease (increase) in Inventories | (9,939) |
| Increase (decrease) in Accounts Payable | 2,033 |
| Net Cash Used for Operating Activities | \$ (75,349) |

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

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2020

| | Private Purpose Trust Funds | Agency Fund |
|-----------------------------|-----------------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 5,930 | \$ 571,206 |
| Investments - Current | 101,971 | - |
| Total Assets | <u>107,901</u> | <u>\$ 571,206</u> |
| LIABILITIES | | |
| Due to Student Groups | - | \$ 571,206 |
| Total Liabilities | <u>-</u> | <u>\$ 571,206</u> |
| NET POSITION | | |
| Restricted for Scholarships | <u>107,901</u> | |
| Total Net Position | <u>\$ 107,901</u> | |

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020

| | Private Purpose Trust Funds |
|--|-----------------------------------|
| ADDITIONS: | |
| Earnings from Temporary Deposits | \$ 1,321 |
| Contributions, Gifts and Donations | 23,205 |
| Total Additions | 24,526 |
| DEDUCTIONS: | |
| Other Deductions | 17,250 |
| Total Deductions | 17,250 |
| Change in Fiduciary Net Position | 7,276 |
| Total Net Position - September 1 (Beginning) | 100,625 |
| Total Net Position - August 31 (Ending) | \$ 107,901 |

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

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Aledo Independent School District (the “District”) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its’ basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement 76, and it complies with the requirements of the appropriate version of the Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

Pension – 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, information about assets, liabilities, and additions to/deductions from TRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) – The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual 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 a pay-as-you-go plan and all cash is held in a cash account.

The District’s investments are accounted for using the cost amortization method.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District’s Board of Trustees (the “Board”), consisting of seven members, has governance responsibilities over all activities related to public school education within the District. The daily functioning of the District is under the supervision of the Superintendent. Board members are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards Board (GASB) in its *Statement No. 14, The Financial Reporting Entity*. There are no component units included within the reporting entity.

B. Basis of Presentation – Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on the District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by

taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include school lunch charges, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

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.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund State of Revenues, Expenditures, and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

C. Basis of Presentation - Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures. The fund statements are prepared on a current financial resource measurement focus and the modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and the basis of accounting than the government-wide statements’ governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

The District reports the following major government funds:

The General Fund— 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 as defined by GASB 34. The General Fund is a budgeted fund, and any fund balances are considered resources for current and future operations.

Debt Service Fund – This fund, which is a budgeted 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 – This 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 maintains the following funds:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The District's Food Service Fund (National Breakfast and Lunch Program) is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Breakfast and Lunch Program, (2) the General Fund subsidizes the Food Service Program for all expenditures in excess of the National Breakfast and Lunch Program, and (3) the District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes. This is a budgeted fund.

Proprietary Funds:

Enterprise Funds – These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District.

Internal Service Funds – These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District. The District does not have internal service funds.

Fiduciary Funds:

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

Fiduciary Funds – Agency Funds – The Agency Fund is custodial in nature and accounts for activities of student groups and other types of activities requiring clearing accounts. The fund has no equity. Assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. This accounting reflects the District's agency relationship with student activity organizations. Fiduciary funds use the accrual basis of accounting to recognize assets and liabilities.

The District does not have any permanent funds.

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

The accounting and financial reporting treatment are determined by the applicable measurement focus and the 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 financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing resources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collected within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the “susceptible to accrual” concept, that is, when they are both measurable and available. The District considers them “available” if they will be collected within 60 days of the end of the fiscal year. Property taxes received after the 60-day period are not considered available and, therefore, are recorded as the deferred inflow of resources in the Governmental Funds Balance Sheet. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned since they are both measurable and available.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Management's 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.

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

1. Cash and Cash Equivalents - The District's cash and cash equivalents are considered as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments are considered as cash equivalents and are reported at fair value.
2. Investments - Investments are recorded at fair value. Investments are considered and classified as cash equivalents. Investments are primarily in FDIC insured investments, savings accounts, and public funds money markets and are not significantly affected by impairment of the credit standing of the issues or other factors.
3. 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 deferred 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.

4. 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.
5. Interfund Activities - 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.

6. 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.
7. 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 estimated fair value at the date of donation.

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

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:

| Asset Classification | Useful Life |
|----------------------------|-------------|
| Buildings and improvements | 30 |
| Furniture & equipment | 3-15 |

Land and construction in progress are not depreciable.

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. A summary of unearned revenues by fund follows:

| | |
|-----------------------------------|-----------------|
| General Fund: | |
| Student parking fees | \$20,750 |
| Band participation fee | 7,443 |
| Donation – Theatre stage lights | 32,000 |
| Total General Fund | <u>\$60,193</u> |
| Other Funds: | |
| Advanced Placement Incentives | \$ 56 |
| Other State Special Revenue Funds | 7,406 |
| Total Other Funds | <u>\$7,462</u> |

8. 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.

9. Deferred Outflows/Inflow of Resources - In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is a consumption of a government's net assets (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. During the current year, the District had \$11,820,808 in deferred charges for refunding.
- Deferred outflows of resource 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 and the results of differences between expected and actuarial experience. 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. During the current year, the District had \$8,646,061 deferred outflow related to TRS in accordance with GASB 68. This amount consisted of \$7,422,572 for total net amounts per TRS August 31, 2019 measurement date and \$1,223,489 for contributions paid to TRS subsequent to the measurement date.
- Deferred outflow of resources related to TRS OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results related to TRS OPEB contributions made after the measurement date of the net pension liability and the results of differences between expected and actuarial experience. The deferred outflows of resources related to TRS OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net TRS OPEB liability in the next fiscal year. During the current year, the District had \$5,878,645 deferred outflow related to TRS OPEB in accordance with GASB 75. This amount consisted of \$5,568,183 for total net amounts per TRS OPEB August 31, 2019 measurement date and \$310,462 for contributions paid to TRS OPEB subsequent to the measurement date.

In addition to liabilities, the District will sometimes report a separate section for deferred inflow of resources. A deferred inflow of resources is an acquisition of a government's net assets (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 \$329,877 and \$121,870 as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
 - Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. During the current year the District recorded \$2,495,062 for total net amounts per TRS August 31, 2019 measurement date in accordance with GASB 68.
 - Deferred inflow of resources related to TRS OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on TRS OPEB investments. During the current year, the District recorded \$7,750,053 for total net amounts per TRS OPEB August 31, 2019 measurement date in accordance with GASB 75.
10. 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.
11. Net Position Flow Assumptions - 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.

Restricted for capital projects – funds that have been assigned for future expenditures for equipment.

Restricted for campus activities – funds that have been committed solely for the use by various campuses within the District.

Restricted for other purposes – funds that have been designated by the District to classify locally funded grants. The District does not have any restrictions for other purposes.

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

12. 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.

13. Fund Balance Policies - In the fund financial statements, government funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable fund balance – 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.

Spendable fund balance – Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

Restricted fund balance – 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 fund balance – 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 fund balance – 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 fund balance – 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 unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

Disclosure of Fund Balances Reported on Balance Sheet – Governmental Funds
 For Fiscal Year Ending August 31, 2020

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Funds |
|--|---------------------|-------------------------|-----------------------------|------------------|
| Nonspendable Fund Balance | | | | |
| Inventories | \$ 0 | \$ 0 | \$ 0 | \$101,223 |
| Other nonspendable fund balance | 0 | 0 | 3,360,126 | 0 |
| Restricted Fund Balance | | | | |
| Nat’l School Breakfast & Lunch Prog. | 0 | 0 | 0 | 21,018 |
| Advance Placement Incentives | 0 | 0 | 0 | 1,739 |
| Capital acquisition & contract. oblig. | 0 | 0 | 144,785,858 | 0 |
| Retirement of long-term debt | 0 | 3,282,785 | 0 | 0 |
| Committed Fund Balance | | | | |
| Campus Activity Funds | 0 | 0 | 0 | 555,646 |
| Assigned Fund Balance | | | | |
| Capital expenditures for equipment | 2,800,000 | 0 | 0 | 0 |
| Unassigned | 25,532,782 | 0 | 0 | 0 |
| Total Fund Balance | <u>\$28,332,782</u> | <u>\$3,282,785</u> | <u>\$148,145,984</u> | <u>\$679,626</u> |

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

- 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.

F. Implementation of New Standards

No new standards were implemented during the year.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Exhibit C-2 “Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position” provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as unavailable revenue in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts. Also included are all adjustments required by GASB 68 and GASB 75.

Exhibit C-4 “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities” provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund-basis financial statements but are a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund-basis financial statements but capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the government-wide statement of activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectable amounts. Also included are adjustments required by GASB 68 and GASB 75.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Board of Trustees adopts an “appropriated budget” for the General Fund, Child Nutrition Program, and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 “Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund” and the other two reports are in Exhibit J-4 “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Child Nutrition Program” and J-5 “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Debt Service Fund”.

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

1. Prior to August 20, 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. At least ten days' public notices of the meeting must be 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 year-end adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

| | Original Budget Appropriations | Increase (Decrease) | Amended Budget Appropriations |
|---------------------------------------|--------------------------------------|------------------------|-------------------------------------|
| General Fund – Exhibit G-1 | \$56,861,625 | \$ 812,000 | \$57,673,625 |
| Child Nutrition Program – Exhibit J-4 | 2,695,100 | 0 | 2,695,100 |
| Debt Service Fund – Exhibit J-5 | 17,524,087 | 1,295,750 | 18,819,837 |

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. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

| August 31, 2020 Fund Balance | |
|--|------------------|
| Appropriated Budgeted Funds – National Breakfast & Lunch Program | \$122,241 |
| Non-appropriated Budgeted Funds | 557,385 |
| All Special Revenue Funds | <u>\$679,626</u> |

B. Excess of Expenditures over Appropriations

There was no excess of expenditures over appropriations as of August 31, 2020.

C. Deficit Fund Equity

There were no deficit fund equities for the year ended August 31, 2020.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

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.

Depository information is as follows:

- Depository bank: First Financial Bank
- Highest combined balance: \$15,187,127
- Date of highest combined balance: January 6, 2020
- Amount of FDIC insurance: \$250,000
- Amount of pledged securities: \$17,853,929

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

On August 31, 2020, the carrying value of the District’s deposits was \$2,814,867 and the bank balance was \$5,182,552. The District’s cash deposits on August 31, 2020, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

| | |
|--|---------------------------|
| Governmental Funds: | |
| Cash-in-bank | \$2,688,583 |
| Business Type Activities: | |
| Cash-in-bank | 126,284 |
| Total Governmental Activities & Business Type Activities | <u><u>\$2,814,867</u></u> |

The District does not have any cash or cash equivalents in foreign currency; therefore, there is no foreign currency risk.

B. Investments

The District’s investments at August 31, 2020, are shown below:

| <u>Investment/Credit Ratings</u> | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Percentage of Investments</u> | <u>Weighted Average Maturity (Days)</u> |
|--------------------------------------|----------------------------|----------------------|--|---|
| TexPool/AAAm | <u>\$183,333,668</u> | <u>\$183,333,668</u> | 100.0 | On demand |

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. The District maintains an investment policy that authorizes the District to invest in obligations of U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements, and the State Treasurer's investment pool or similar public investment pools. 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.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

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 investments are not exposed to custodial risk. External investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. District investments are not exposed to custodial credit risk.

Credit Risk – This is the risk that a security issuer may default on 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.

Interest-rate Risk – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District's investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

Concentration of Credit Risk – This type of risk is defined as positions of 5 percent or more in securities of a single issuer. The District is not exposed to concentration of credit risk because the investment portfolio mainly consists of external investment pools.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

C. 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, 2019, were \$1.0683 and \$0.4250 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$4,019,765,620.

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.

Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of August 31, 2020, are as follows:

| | Property Taxes - Delinquent | Allowance for Uncollectible Taxes | Unavailable Revenue – Property Taxes |
|-------------------|--------------------------------|--------------------------------------|---|
| General Fund | \$694,561 | \$(364,684) | \$329,877 |
| Debt Service Fund | 228,824 | (106,954) | 121,870 |
| Totals | <u>\$923,385</u> | <u>\$(471,638)</u> | <u>\$451,747</u> |

Current tax collections for the levy year ended August 31, 2020, were 99.4% 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.

D. Disaggregation of Receivables and Payables

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables that are not scheduled for collection within one year of August 31, 2020.

E. Receivables from Other Governments

Receivables from other governments, as of August 31, 2020, are as follow:

| | |
|----------------------------|--------------------|
| General Fund: | |
| Due from State | \$1,272,147 |
| Due from Other Governments | 31,155 |
| Total | <u>\$1,303,302</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2020

Exhibit F-1

| | |
|--|-------------------------|
| Debt Service Fund – Due from Other Governments | <u>\$12,103</u> |
| Other Funds – Due from State: | |
| IDEA – Part B, Formula | \$68,552 |
| National Breakfast & Lunch Program | 6,491 |
| Summer Feeding Program | 49,283 |
| ESSER – School Emergency Relief | 220,229 |
| State Instructional Materials | 8,862 |
| School Safety & Security | <u>76,078</u> |
| Total | <u><u>\$429,495</u></u> |

F. Interfund Receivables and Payables

There were no interfund receivable and payables during the fiscal year.

G. Interfund Transfers

The General Fund transferred \$100,000 to the National Breakfast & Lunch Program to subsidize that fund.

H. Other Financing Sources (Uses)

The District had the following financing sources and (uses) during the year:

| | |
|--|-----------------------------|
| General Fund: | |
| Sale of real & personal property | \$ 296 |
| Other resources – Co-op distribution & royalties | <u>34,587</u> |
| Total | <u><u>\$34,883</u></u> |
| Debt Service Fund: | |
| Premium or discount on issuance of bonds | <u><u>\$1,295,750</u></u> |
| Capital Projects Fund: | |
| Capital related debt issued | \$133,590,000 |
| Premium or discount on issuance of bonds | <u>17,550,623</u> |
| Total | <u><u>\$151,140,623</u></u> |

I. Special Items/Extraordinary Items

An extraordinary item of \$(249,000) was incurred resulting from a mediation agreement.

J. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$372,087 for the year. The future minimum lease payments for active operating leases are summarized below:

| Year Ending August 31 | Amount |
|-----------------------|----------|
| 2021 | \$96,243 |
| 2022 | 96,243 |
| 2023 | 90,334 |
| 2024 | 90,077 |
| 2025 | 87,190 |

K. Capital Asset Activity

Capital asset activity for the year ended August 31, 2020, is as follows:

| | Beginning Balance | Increases/ Adjustments | Decreases/ Adjustments | Ending Balance |
|---|----------------------|---------------------------|---------------------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,725,812 | \$ 0 | \$ 0 | \$ 7,725,812 |
| Construction in Progress | 0 | 5,277,017 | 0 | 5,277,017 |
| Total Capital Assets, not being depreciated | 7,725,812 | 5,277,017 | 0 | 13,002,829 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 182,741,855 | 14,498 | 0 | 182,756,353 |
| Furniture and equipment | 11,872,467 | 1,042,847 | 15,104 | 12,900,210 |
| Total capital assets, being depreciated | 194,614,322 | 1,057,345 | 15,104 | 195,656,563 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 77,582,549 | 5,672,648 | 0 | 83,255,197 |
| Furniture and equipment | 8,440,248 | 708,151 | 15,104 | 9,133,295 |
| Total accumulated depreciation | 86,022,797 | 6,380,799 | 0 | 92,388,492 |
| Governmental activities capital assets, net | \$116,317,337 | \$(46,437) | \$15,104 | \$116,270,900 |

Building and improvements expenditures were related to the completion of Walsh Elementary School. Major expenditures for furniture and equipment were \$803,375 for school buses and \$180,911 for a serving line at the Stuard Elementary School.

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

| | |
|---|--------------------|
| Governmental activities: | |
| 11 – Instruction | \$4,552,965 |
| 13 – Curriculum & Instructional Staff Development | 73,949 |
| 23 – School Leadership | 785,520 |
| 34 – Student (Pupil) Transportation | 336,665 |
| 35 – Food Services | 45,053 |
| 36 – Extracurricular Activities | 206,730 |
| 41 – General Administration | 106,103 |
| 51 – Plant Maintenance & Operations | 84,254 |
| 52 – Security & Monitoring Services | 112,169 |
| 53 – Data Processing Services | 77,391 |
| Total Depreciation Expense | <u>\$6,380,799</u> |

L. 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 | \$ 2,279,088 | \$1,281,198 | \$ 997,890 |
| Aledo Elementary #6 | 29,391,862 | 1,755,872 | 27,635,990 |
| New Middle School | 3,384,583 | 2,105,977 | 1,278,606 |
| Vandergriff Elementary School gym renovation | 368,425 | 25,400 | 343,025 |
| Miscellaneous contracts | 0 | 108,570 | 0 |
| Total | <u>\$35,423,958</u> | <u>\$5,277,017</u> | <u>\$30,255,511</u> |

M. Long-Term Debt

Long-term debt of the District is comprised of bonds payable, accreted interest, premium on bonds, compensated absences, and net pension liability. Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings. Capital leases are paid from fund balance and future revenues of the General Fund.

The following is a summary of changes in long-term debt for government activities for the year ended August 31, 2020.

| | Beginning Balance | Additions | Retirements | Ending Balance | Due Within One Year |
|-----------------------|----------------------|----------------------|---------------------|----------------------|---------------------------|
| Bonds payable | \$162,844,869 | \$133,590,000 | \$10,126,594 | \$286,308,275 | \$6,233,986 |
| Accreted interest | 11,767,265 | 621,882 | 413,406 | 11,975,741 | 0 |
| Premium on bonds | 22,996,482 | 18,846,373 | 1,917,170 | 39,925,685 | 0 |
| Sub-totals | 197,608,616 | 153,058,255 | 12,457,170 | 338,209,701 | 6,233,986 |
| Net pension liability | 13,913,349 | 2,042,196 | 1,006,544 | 14,949,001 | 0 |
| Net OPEB liability | 16,765,643 | 1,417,646 | 268,851 | 17,914,438 | 0 |
| Total | <u>\$228,287,608</u> | <u>\$156,518,097</u> | <u>\$13,732,565</u> | <u>\$371,073,140</u> | <u>\$6,233,986</u> |

N. 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 issued \$133,590,000 in Unlimited Tax School Building Bonds, Series 2020 to use for (i) the construction, renovation, acquisition of school buses; (ii) to fund capitalized interest on the Bonds; and (iii) to pay costs of issuance related to the Bonds.

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Exhibit F-1

A summary of changes in general obligation bonds for the year ended August 31, 2020, are as follows:

| Issue/Maturity Date | Interest Rates Payable | Amounts Original Issue | Beginning Balances | Issued | Retired | Ending Balances | Due Within One Year |
|------------------------------|------------------------|------------------------|--------------------|---------------|--------------|-----------------|---------------------|
| Series 2001 UTSB Bonds/2032 | 4.5%/5.55% | \$7,418,568 | \$ 2,754,956 | \$ 0 | \$ 181,594 | \$ 2,573,362 | \$ 168,986 |
| Series 2007 UTR Bonds/2029 | 3.5%/5.0% | 7,520,000 | 1,950,000 | 0 | 1,950,000 | 0 | 0 |
| Series 2012 UTR Bonds/2027 | 2.0%/3.5% | 8,519,913 | 7,619,913 | 0 | 2,640,000 | 4,979,913 | 145,000 |
| Series 2013A UTR Bonds/2031 | 2.0%/3.5% | 8,985,000 | 8,750,000 | 0 | 40,000 | 8,710,000 | 40,000 |
| Series 2013B UTR Bonds/2028 | 0.4%/3.13% | 16,615,000 | 11,275,000 | 0 | 1,455,000 | 9,820,000 | 1,540,000 |
| Series 2014 UTR Bonds/2033 | 1.63%/4.0% | 9,330,000 | 8,095,000 | 0 | 1,190,000 | 6,905,000 | 1,230,000 |
| Series 2015 UTR Bonds/2035 | 0.54%/5.0% | 13,195,000 | 12,295,000 | 0 | 15,000 | 12,280,000 | 5,000 |
| Series 2015A UTSB Bonds/2045 | 2.0%/5.0% | 47,075,000 | 44,450,000 | 0 | 2,120,000 | 42,330,000 | 2,555,000 |
| Series 2016 UTR Bonds/2043 | 2.0%/5.0% | 54,225,000 | 53,440,000 | 0 | 0 | 53,440,000 | 0 |
| Series 2019 UTR Bonds/2034 | 2.0%/5.0% | 12,530,000 | 12,215,000 | 0 | 535,000 | 11,680,000 | 550,000 |
| Series 2020 UTSB Bonds/2050 | 2.08%/5.00% | 133,590,000 | 0 | 133,590,000 | 0 | 133,590,000 | 0 |
| Totals | | | \$162,844,869 | \$133,590,000 | \$10,126,594 | \$286,308,275 | \$6,233,986 |

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

| Year Ended August 31 | Principal | Interest | Total Requirements |
|----------------------|---------------|---------------|--------------------|
| 2021 | \$ 6,233,986 | \$ 12,039,900 | \$ 18,273,886 |
| 2022 | 6,167,011 | 12,587,726 | 18,754,737 |
| 2023 | 7,753,840 | 11,513,235 | 19,267,075 |
| 2024 | 7,534,417 | 12,789,413 | 20,323,830 |
| 2025 | 7,865,440 | 12,454,916 | 20,320,356 |
| 2026-2030 | 34,434,413 | 55,137,071 | 89,571,484 |
| 2031-2035 | 47,099,168 | 42,465,991 | 89,565,159 |
| 2036-2040 | 61,940,000 | 27,637,800 | 89,577,800 |
| 2041-2045 | 64,790,000 | 13,825,550 | 78,615,550 |
| 2046-2050 | 42,490,000 | 3,268,250 | 45,758,250 |
| Totals | \$286,308,275 | \$203,719,852 | \$490,028,127 |

Interest and fees paid on general obligation bonds during the year were \$8,135,404.

There are numerous limitations and restrictions contained in the various general obligation bond indentures. The District has complied with all significant limitations and restrictions as of August 31, 2020.

O. 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, 2020, \$111,540,000 of bonds considered defeased are still outstanding.

P. Revenue from Local and Intermediate Sources

During the current year local and intermediate revenues consisted of the following:

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Funds | Fund Totals |
|---|---------------------|-------------------------|-----------------------------|--------------------|---------------------|
| Property taxes | \$42,587,429 | \$16,984,993 | \$ 0 | \$ 0 | \$59,572,422 |
| Food sales | 0 | 0 | 0 | 1,286,258 | 1,286,258 |
| Penalties, interest & other tax related income | 192,307 | 73,656 | 0 | 0 | 265,963 |
| Earnings – temporary deposits & investments | 469,737 | 80,014 | 209,281 | 11,606 | 770,638 |
| Rent | 59,968 | 0 | 0 | 0 | 59,968 |
| Foundations, gifts & bequests | 5,000 | 0 | 0 | 155,747 | 160,747 |
| Insurance recoveries | 44,129 | 0 | 0 | 0 | 44,129 |
| Other revenues from local sources | 178,167 | 0 | 216 | 595,130 | 773,513 |
| Athletic activities | 344,027 | 0 | 0 | 0 | 344,027 |
| Ex/cocurricular activities | 28,125 | 0 | 0 | 0 | 28,125 |
| Total | <u>\$43,908,889</u> | <u>\$17,138,663</u> | <u>\$209,497</u> | <u>\$2,048,741</u> | <u>\$63,305,790</u> |

Q. State Aid Revenue

The District receives state revenues from TEA based upon application of formula allocations, on behalf allocations, and other state miscellaneous programs. The components of state program revenues as shown in the governmental fund financial statements are as follows:

| | General Fund | Debt Service Fund | Other Funds | Totals |
|--|---------------------|-------------------------|------------------|---------------------|
| Per Capita Apportionment | \$ 1,930,944 | \$ 0 | \$ 0 | \$ 1,930,944 |
| Foundation School Prg. Act Entitlements | 11,931,431 | 0 | 0 | 11,931,431 |
| State Program Revenues | 47,424 | 221,471 | 665,744 | 934,639 |
| TRS On-behalf Payments | 2,670,086 | 0 | 83,090 | 2,753,176 |
| TRS Medicare Part-D | 185,880 | 0 | 0 | 185,880 |
| Totals | <u>\$16,765,765</u> | <u>\$221,471</u> | <u>\$748,834</u> | <u>\$17,736,070</u> |

R. Federal Program Revenues

The District receives federal program revenues for various programs as follows:

| Revenues | General Fund | Other Funds |
|--|------------------|--------------------|
| School Health & Related Services (SHARS) | \$323,037 | \$ 0 |
| U. S. Department of Education – Passed Through | 0 | 1,599,299 |
| U. S. Department of Agriculture – Passed Through | 0 | 740,234 |
| Totals | <u>\$323,037</u> | <u>\$2,339,533</u> |

S. Employee Benefits

Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying government-wide statements or the governmental financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave accumulates but does not vest. Therefore, a liability for unused sick leave has not been recorded in either the government-wide financial statements or the governmental fund financial statements.

T. Defined Benefit Pension Plan

Plan Description - The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension’s Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position - Detail information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/TRS%20Documents/cafr2019.pdf>, selecting *About TRS* then *Publications* then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 the 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 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 who were 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.

| | <u>Contribution Rates</u> | |
|--|---------------------------|-------------|
| | <u>2019</u> | <u>2020</u> |
| Member | 7.7% | 7.7% |
| Non-Employer Contributing Entity (State) | 6.8% | 7.5% |
| Employers | 6.8% | 7.5% |
| Current fiscal year Employer Contributions | \$1,223,489 | |
| Current fiscal year Member Contributions | \$3,000,067 | |
| 2019 measurement date NECE On-behalf Contributions | \$1,693,382 | |

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.
- When the employing district is a public or charter school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in the fiscal year 2020. This contribution rate called the Public Education Employer Contribution will replace the Non(OASDI) surcharge that was in effect in the fiscal year 2019.

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

- 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.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees. This surcharge was in effect through the fiscal year 2019 and was replaced with the Public Education Employer Contribution explained above.

Actuarial Assumptions - The total pension liability in the August 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|--|
| Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Long-term expected Investment Rate of Return | 7.25% |
| Municipal Bond Rate as of August, 2019 | 2.63% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported to Fidelity Index's "20-Year Municipal GO AA Index." |
| Last year ending August 31 in Projection Period (100 years) | 2116 |
| Inflation | 2.30 % |
| Salary Increases | 3.05% to 9.05% including inflation |
| 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, 2018. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2018.

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 the 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%. 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 Systems target asset allocation as of August 31, 2019.

| Asset Class | FY 2019 Target Allocation* | New Target Allocation** | Long-Term Expected Geometric Real Rate of Return*** |
|---|----------------------------------|----------------------------|---|
| Global Equity | | | |
| USA | 18.0% | 18.0% | 6.4% |
| Non-U.S. Developed | 13.0% | 13.0% | 6.3% |
| Emerging Markets | 9.0% | 9.0% | 7.3% |
| Directional Hedge Funds | 4.0% | 0.0% | 0.0% |
| Private Equity | 13.0% | 14.0% | 8.4% |
| Stable Value | | | |
| U. S. Treasuries**** | 11.0% | 16.0% | 3.1% |
| Stable Value Hedge Funds | 4.0% | 5.0% | 4.5% |
| Absolute Return | 4.0% | 0.0% | 0.0% |
| Real Return | | | |
| Global Inflation Linked Bonds***** | 3.0% | 0.0% | 0.0% |
| Real Estate | 14.0% | 15.0% | 8.5% |
| Energy, Natural Resources & Infrastructure | 5.0% | 6.0% | 7.3% |
| Commodities | 0.0% | 0.0% | 0.0% |
| Risk Parity | | | |
| Risk Parity | 5.0% | 8.0% | 5.8%/6.5%***** |
| Leverage | | | |
| Cash | 1.0% | 2.0% | 2.5% |
| Asset Allocation Leverage | | (6.0%) | 2.7% |
| Expected Return | 100.0% | | 7.23% |

- * Target allocations are based on the Strategic Asset Allocation as of FY2019
- ** New allocations are based on the Strategic Asset Allocation to be implemented FY2020
- *** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
- **** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
- ***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

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: | \$22,978,786 | \$14,949,001 | \$8,443,325 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On August 31, 2020, the District reported a liability of \$14,949,001 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 | \$14,949,001 |
| State's proportionate share that is associated with District | 25,150,857 |
| Total | <u>\$40,099,858</u> |

The net pension liability was measured as of August 31, 2018, and rolled forward to August 31, 2019, 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, 2018, thru August 31, 2019.

On August 31, 2019, the employer's proportion of the collective net pension liability was 0.0287574097% which was an increase of 0.0034799104% over its proportion measured as of August 31, 2018.

Changes Since the Prior Actuarial Valuation

- The single discount rate as of August 31, 2018, was a blended rate of 6.907 percent and that has changed to the long-term rate of return of 7.25 percent as of August 31, 2019.
- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in the fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.
- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, will receive an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.

For the year ended August 31, 2020, the District recognized pension expense of \$7,350,976 and revenue of \$3,950,845 for support provided by the State.

On August 31, 2020, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 62,799 | \$ 519,053 |
| Changes in actuarial assumptions | 4,637,914 | 1,916,606 |
| Difference between projected and actual investment earnings | 150,105 | 0 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 2,571,754 | 59,403 |
| Total as of August 31, 2019 measurement date | 7,422,572 | 2,495,062 |
| Contributions paid to TRS subsequent to the measurement date | 1,223,489 | 0 |
| Total | <u>\$8,646,061</u> | <u>\$2,495,062</u> |

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

| Fiscal Year ended August 31 | Pension Expense Amount |
|-----------------------------|------------------------|
| 2021 | \$1,196,330 |
| 2022 | 1,019,175 |
| 2023 | 1,145,783 |
| 2024 | 1,088,904 |
| 2025 | 539,960 |
| Thereafter | (62,642) |

U. 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-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; 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. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

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

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

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

| Contribution Rates | | |
|--|-------|-----------|
| | 2019 | 2020 |
| 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 | | \$310,462 |
| Current fiscal year Member Contributions | | \$252,910 |
| 2019 measurement year NECE On-Behalf Contributions | | \$357,221 |

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 hiring a TRS retiree, employers are required to pay 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 \$73.6 million in the fiscal year 2019.

Actuarial Assumptions - The total OPEB liability in the August 31, 2018, actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2018, TRS pension actuarial valuation that was rolled forward to August 31, 2019.

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

Additional Actuarial Methods and Assumptions:

| | |
|--|---|
| Valuation Date | August 31, 2018 rolled forward to August 31, 2019 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 2.63% as of August 31, 2019 |
| Aging Factors | Based on Plan Specific Experience |
| Election Rates | Normal Retirement: 65% participation prior to age 65 and 50% participation after age 65. 25% pre-65 retirees are assumed to discontinue coverage at age 65. |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Projected Salary Increases | 3.05% - 9.05% including inflation |
| Ad-hoc Post Employment Benefit Changes | None |

The impact of the Cadillac Tax that is returning in the fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30 percent
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate - A single discount rate of 2.63% was used to measure the total OPEB liability. There was a decrease of 1.06 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

| | 1% Decrease in Discount Rate (1.63%) | Current Single Discount Rate (2.63%) | 1% Increase in Discount Rate (3.63%) |
|---|--|--|--|
| District's proportionate share of the net OPEB liability: | \$21,628,477 | \$17,914,438 | \$15,008,945 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – On August 31, 2020, the District reported a liability of \$17,914,438 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|---------------------|
| District's proportionate share of the collective net OPEB liability | \$17,914,438 |
| State's proportionate share that is associated with District | 23,804,283 |
| Total | <u>\$41,718,721</u> |

The net OPEB liability was measured as of August 31, 2018, and rolled forward to August 31, 2019, 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, 2018, thru August 31, 2019.

On August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0378811068%, which was an increase of 0.0043034266% over its proportion measured as of August 31, 2018.

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 8.5% rate is used.

| | 1% Decrease in Healthcare Trend Rate | Current Healthcare Cost Trend Rate | 1% Increase in Healthcare Trend Rate |
|---|---|--|---|
| District's proportionate share of the Net OPEB liability: | \$14,613,971 | \$17,914,438 | \$22,335,551 |

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 (TOL) since the prior measurement period:

- The discount rate changed from 3.69 percent as of August 31, 2018, to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.

- The trend rates were reset to better reflect the plan’s anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
- Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2020, the District recognized OPEB expense of \$1,595,429 and revenue of \$627,383 for support provided by the State.

On August 31, 2020, 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 experience | \$ 878,856 | \$2,931,508 |
| Changes in actuarial assumptions | 995,007 | 4,818,545 |
| Difference between projected and actual investment earnings | 1,933 | 0 |
| Changes in proportion and difference between the District’s contributions and the proportionate share of contributions | 3,692,387 | 0 |
| Total as of August 31, 2019 measurement date | 5,568,183 | 7,750,053 |
| Contributions paid to TRS subsequent to the measurement date | 310,462 | 0 |
| Total | <u>\$5,878,645</u> | <u>\$7,750,053</u> |

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

| Year ended August 31 | OPEB Expense Amount |
|----------------------|---------------------|
| 2021 | \$(505,785) |
| 2022 | (505,785) |
| 2023 | (506,411) |
| 2024 | (506,769) |
| 2025 | (506,673) |
| Thereafter | 349,553 |

V. Medicare Part D Coverage

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, 2020, 2019, and 2018, the subsidy payments received by TRS-Care on-behalf of the District were \$185,880, \$115,126, and \$84,539, respectively. The information for the year ended August 31, 2020, 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.

W. Active Employee Health Care Coverage

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

X. Commitments and Contingencies

1. State and Federal Grants

Minimum foundation funding received from TEA is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for Food Service under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the United States Department of Agriculture ("USDA"). Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

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

2. Litigation

The District is currently not a party in any litigation.

Y. 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.

Z. Evaluation of Subsequent Events

On October 19, 2020 meeting, the Board of Trustees adopted a “Parameters Bond Order” authorizing the sale of the Series 2021 Refunding Bonds. On January 7, 2021, The District sold its Unlimited Tax Refunding Bonds, Taxable Series 2021 to refund a portion of its existing bonds at a lower interest rate and an approximate cash flow savings of \$12,097,525 to the District.

The District has evaluated subsequent events through January 13, 2021, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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ALED0 INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|--|------------------|---------------|-----------------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 44,629,166 | \$ 44,629,166 | \$ 43,908,889 | \$ (720,277) |
| 5800 State Program Revenues | 13,662,384 | 14,477,384 | 16,765,764 | 2,288,380 |
| 5900 Federal Program Revenues | 135,000 | 135,000 | 323,037 | 188,037 |
| 5020 Total Revenues | 58,426,550 | 59,241,550 | 60,997,690 | 1,756,140 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 31,603,690 | 32,037,190 | 31,664,427 | 372,763 |
| 0012 Instructional Resources and Media Services | 716,122 | 716,122 | 663,914 | 52,208 |
| 0013 Curriculum and Instructional Staff Development | 596,469 | 544,969 | 501,370 | 43,599 |
| 0021 Instructional Leadership | 762,050 | 812,050 | 774,445 | 37,605 |
| 0023 School Leadership | 3,130,537 | 3,130,537 | 3,074,568 | 55,969 |
| 0031 Guidance, Counseling, and Evaluation Services | 1,914,118 | 1,959,118 | 1,923,940 | 35,178 |
| 0033 Health Services | 563,382 | 588,382 | 562,689 | 25,693 |
| 0034 Student (Pupil) Transportation | 3,056,614 | 3,056,614 | 2,903,802 | 152,812 |
| 0035 Food Services | 3,000 | 3,000 | 1,306 | 1,694 |
| 0036 Extracurricular Activities | 2,895,754 | 2,895,754 | 2,618,708 | 277,046 |
| 0041 General Administration | 2,354,947 | 2,769,947 | 2,690,327 | 79,620 |
| 0051 Facilities Maintenance and Operations | 6,097,558 | 5,942,558 | 5,822,349 | 120,209 |
| 0052 Security and Monitoring Services | 745,934 | 745,934 | 695,789 | 50,145 |
| 0053 Data Processing Services | 1,095,450 | 1,145,450 | 1,104,857 | 40,593 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 236,000 | 236,000 | 163,702 | 72,298 |
| Intergovernmental: | | | | |
| 0091 Contracted Instructional Services Between Schools | 305,000 | 305,000 | 258,842 | 46,158 |
| 0099 Other Intergovernmental Charges | 785,000 | 785,000 | 781,066 | 3,934 |
| 6030 Total Expenditures | 56,861,625 | 57,673,625 | 56,206,101 | 1,467,524 |
| 1100 Excess of Revenues Over Expenditures | 1,564,925 | 1,567,925 | 4,791,589 | 3,223,664 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | 500 | 500 | 296 | (204) |
| 7949 Other Resources - Gas & Land Lease | 7,500 | 7,500 | 34,587 | 27,087 |
| 8911 Transfers Out (Use) | - | - | (100,000) | (100,000) |
| 7080 Total Other Financing Sources (Uses) | 8,000 | 8,000 | (65,117) | (73,117) |
| EXTRAORDINARY ITEMS: | | | | |
| 8913 Extraordinary Item - (Use) - Mediation Agreement | - | (249,000) | (249,000) | - |
| 1200 Net Change in Fund Balances | 1,572,925 | 1,326,925 | 4,477,472 | 3,150,547 |
| 0100 Fund Balance - September 1 (Beginning) | 23,855,310 | 23,855,310 | 23,855,310 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 25,428,235 | \$ 25,182,235 | \$ 28,332,782 | \$ 3,150,547 |

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2020

| | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|--|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.02875741% | 0.025277499% | 0.0227412% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 14,949,001 | \$ 13,913,349 | \$ 7,271,403 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 25,150,857 | 24,368,390 | 13,955,192 |
| Total | <u>\$ 40,099,858</u> | <u>\$ 38,281,739</u> | <u>\$ 21,226,595</u> |
| District's Covered Payroll | \$ 34,346,213 | \$ 29,738,397 | \$ 27,018,924 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 43.52% | 46.79% | 26.91% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.24% | 73.74% | 82.17% |

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| FY 2017 Plan Year 2016 | FY 2016 Plan Year 2015 | FY 2015 Plan Year 2014 |
|---------------------------|---------------------------|---------------------------|
| 0.0230359% | 0.0235829% | 0.0135432% |
| \$ 8,704,926 | \$ 8,336,241 | \$ 3,617,576 |
| 16,678,493 | 15,764,091 | 13,391,760 |
| <u>\$ 25,383,419</u> | <u>\$ 24,100,332</u> | <u>\$ 17,009,336</u> |
| \$ 26,239,017 | \$ 24,798,446 | \$ 23,334,205 |
| 33.18% | 33.62% | 15.50% |
| 78.00% | 78.43% | 83.25% |

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2020

| | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 1,223,489 | \$ 1,006,552 | \$ 1,160,991 |
| Contribution in Relation to the Contractually Required Contribution | (1,223,489) | (1,006,552) | (1,160,991) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 38,961,847 | \$ 34,346,213 | \$ 29,738,397 |
| Contributions as a Percentage of Covered Payroll | 3.14% | 2.93% | 3.90% |

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| | 2017 | 2016 | 2015 |
|----|------------|---------------|---------------|
| \$ | 745,322 | \$ 731,908 | \$ 698,301 |
| | (745,322) | (731,908) | (698,301) |
| \$ | - | \$ - | \$ - |
| \$ | 27,018,924 | \$ 26,239,017 | \$ 24,798,446 |
| | 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 OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2020

| | FY 2020 Plan Year 2019 | FY 2019 Plan Year 2018 | FY 2018 Plan Year 2017 |
|---|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.037881107% | 0.03357768% | 0.0308468% |
| District's Proportionate Share of Net OPEB Liability (Asset) | \$ 17,914,438 | \$ 16,765,643 | \$ 13,414,128 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 23,804,283 | 26,321,616 | 21,898,027 |
| Total | <u>\$ 41,718,721</u> | <u>\$ 43,087,259</u> | <u>\$ 35,312,155</u> |
| District's Covered Payroll | \$ 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 Payroll | 52.16% | 56.38% | 49.65% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 2.66% | 1.57% | 0.91% |

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2020 are for the measurement date of August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

ALEDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2020

| | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 310,462 | \$ 269,386 | \$ 231,638 |
| Contribution in Relation to the Contractually Required Contribution | (310,462) | (269,386) | (231,638) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 38,961,847 | \$ 34,346,213 | \$ 29,738,397 |
| Contributions as a Percentage of Covered Payroll | 0.80% | 0.78% | 0.78% |

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

A. Notes to Schedule for the TRS Pension

Changes in Benefit terms

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

Changes in Assumptions

There were no changes in the actuarial assumptions used in the determination of the total pension liability during the measurement period.

The single discount rate was a blended rate of 6.90% as of August 31, 2018, and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit

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

Changes in Assumption

The following were changes to the actuarial assumptions or other inputs that affected the measurement of total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 3.69 percent as of August 31, 2018, to 2.63 percent as of August 31, 2019. This change increased the TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuations. These changes decreased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

COMBINING SCHEDULES

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

| 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 | \$ 2,695 | \$ (68,552) | \$ - | \$ 372,415 |
| 1240 Due from Other Governments | - | 68,552 | - | 6,491 |
| 1300 Inventories | - | - | - | 101,223 |
| 1000 Total Assets | <u>\$ 2,695</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 480,129</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 2,695 | \$ - | \$ - | \$ 302,931 |
| 2160 Accrued Wages Payable | - | - | - | 53,858 |
| 2180 Due to Other Governments | - | - | - | - |
| 2200 Accrued Expenditures | - | - | - | 1,099 |
| 2300 Unearned Revenue | - | - | - | - |
| 2000 Total Liabilities | <u>2,695</u> | <u>-</u> | <u>-</u> | <u>357,888</u> |
| FUND BALANCES | | | | |
| Nonspendable Fund Balance: | | | | |
| 3410 Inventories | - | - | - | 101,223 |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - | 21,018 |
| Committed Fund Balance: | | | | |
| 3545 Other Committed Fund Balance | - | - | - | - |
| 3000 Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>122,241</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 2,695</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 480,129</u> |

| 242 Summer Feeding Program | 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 | 288 LEP Summer School | 289 Title IV, Part A, Subpart 1 | 397 Advanced Placement Incentives |
|-------------------------------------|---|--|---|---|--------------------------------|--|--|
| \$ (46,135) | \$ - | \$ - | \$ 200 | \$ (220,229) | \$ - | \$ - | \$ 1,795 |
| 49,283 | - | - | - | 220,229 | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 3,148</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,795</u> |
| \$ 3,148 | \$ - | \$ - | \$ 200 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 56 |
| <u>3,148</u> | <u>-</u> | <u>-</u> | <u>200</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>56</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 1,739 |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,739</u> |
| <u>\$ 3,148</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 200</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,795</u> |

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2020

| Data Control Codes | 410 State Instructional Materials | 427 School Safety & Security | 429 Other State Special Revenue Funds | 461 Campus Activity Funds |
|---|--|---------------------------------------|--|------------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 247,398 | \$ - | \$ 7,406 | \$ 555,646 |
| 1240 Due from Other Governments | 8,862 | 76,078 | - | - |
| 1300 Inventories | - | - | - | - |
| 1000 Total Assets | <u>\$ 256,260</u> | <u>\$ 76,078</u> | <u>\$ 7,406</u> | <u>\$ 555,646</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 256,260 | \$ 76,078 | \$ - | \$ - |
| 2160 Accrued Wages Payable | - | - | - | - |
| 2180 Due to Other Governments | - | - | - | - |
| 2200 Accrued Expenditures | - | - | - | - |
| 2300 Unearned Revenue | - | - | 7,406 | - |
| 2000 Total Liabilities | <u>256,260</u> | <u>76,078</u> | <u>7,406</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable Fund Balance: | | | | |
| 3410 Inventories | - | - | - | - |
| Restricted Fund Balance: | | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - | - |
| Committed Fund Balance: | | | | |
| 3545 Other Committed Fund Balance | - | - | - | 555,646 |
| 3000 Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>555,646</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 256,260</u> | <u>\$ 76,078</u> | <u>\$ 7,406</u> | <u>\$ 555,646</u> |

| 490 Education Foundation Grant Awards | Total Nonmajor Governmental Funds |
|--|--|
| \$ 29,109 | \$ 881,748 |
| - | 429,495 |
| - | 101,223 |
| <u>\$ 29,109</u> | <u>\$ 1,412,466</u> |
| | |
| \$ 27,149 | \$ 668,461 |
| - | 53,858 |
| 1,960 | 1,960 |
| - | 1,099 |
| - | 7,462 |
| <u>29,109</u> | <u>732,840</u> |
| | |
| - | 101,223 |
| - | 22,757 |
| - | 555,646 |
| <u>-</u> | <u>679,626</u> |
| | |
| <u>\$ 29,109</u> | <u>\$ 1,412,466</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| 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 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ 1,294,877 |
| 5800 State Program Revenues | - | - | - | 92,036 |
| 5900 Federal Program Revenues | 298,622 | 922,547 | 9,593 | 654,823 |
| 5020 Total Revenues | 298,622 | 922,547 | 9,593 | 2,041,736 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 298,622 | 484,778 | 9,593 | - |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | - | - | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | 393,519 | - | - |
| 0033 Health Services | - | 44,250 | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | 2,492,779 |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 6030 Total Expenditures | 298,622 | 922,547 | 9,593 | 2,492,779 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | (451,043) |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | - | 100,000 |
| 1200 Net Change in Fund Balance | - | - | - | (351,043) |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | 473,284 |
| 3000 Fund Balance - August 31 (Ending) | \$ - | \$ - | \$ - | \$ 122,241 |

| 242 Summer Feeding Program | 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 | 288 LEP Summer School | 289 Title IV, Part A, Subpart 1 | 397 Advanced Placement Incentives |
|-------------------------------------|---|--|---|---|--------------------------------|--|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,059 | - | - | - | - | - | - | 1,635 |
| 85,411 | 33,806 | 73,140 | 15,896 | 220,229 | 2,671 | 22,795 | - |
| 90,470 | 33,806 | 73,140 | 15,896 | 220,229 | 2,671 | 22,795 | 1,635 |
| - | 33,806 | - | 15,696 | 220,229 | 2,671 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 73,140 | 200 | - | - | 22,795 | 1,635 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 6,306 | - | - | - | - | - | - | - |
| 84,164 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 90,470 | 33,806 | 73,140 | 15,896 | 220,229 | 2,671 | 22,795 | 1,635 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 1,739 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,739 |

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | 410 State Instructional Materials | 427 School Safety & Security | 429 Other State Special Revenue Funds | 461 Campus Activity Funds |
|---|--|---------------------------------------|--|------------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ 598,117 |
| 5800 State Program Revenues | 573,976 | 76,078 | 50 | - |
| 5900 Federal Program Revenues | - | - | - | - |
| 5020 Total Revenues | <u>573,976</u> | <u>76,078</u> | <u>50</u> | <u>598,117</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 573,976 | - | - | 314,000 |
| 0012 Instructional Resources and Media Services | - | - | 50 | 29,555 |
| 0013 Curriculum and Instructional Staff Development | - | - | - | 16,470 |
| 0023 School Leadership | - | - | - | 4,267 |
| 0031 Guidance, Counseling, and Evaluation Services | - | - | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | 138,895 |
| 0041 General Administration | - | - | - | 12,093 |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | 76,078 | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 6030 Total Expenditures | <u>573,976</u> | <u>76,078</u> | <u>50</u> | <u>515,280</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | 82,837 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | - | - |
| 1200 Net Change in Fund Balance | - | - | - | 82,837 |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | 472,809 |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 555,646</u> |

| | 490 Education Foundation Grant Awards | Total Nonmajor Governmental Funds |
|----|--|--|
| \$ | 155,747 | \$ 2,048,741 |
| | - | 748,834 |
| | - | 2,339,533 |
| | 155,747 | 5,137,108 |
| | 135,535 | 2,088,906 |
| | - | 29,605 |
| | - | 114,240 |
| | - | 4,267 |
| | 4,100 | 397,619 |
| | - | 44,250 |
| | - | 6,306 |
| | - | 2,576,943 |
| | 2,700 | 141,595 |
| | - | 12,093 |
| | 5,162 | 5,162 |
| | - | 76,078 |
| | 8,250 | 8,250 |
| | 155,747 | 5,505,314 |
| | - | (368,206) |
| | - | 100,000 |
| | - | (268,206) |
| | - | 947,832 |
| \$ | - | \$ 679,626 |

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2020

| | 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 | \$ 20,364 | \$ 90,150 | \$ 10,737 | \$ 5,033 | \$ 126,284 |
| Other Receivables | - | - | - | 57,145 | 57,145 |
| Inventories | - | 13,827 | - | - | 13,827 |
| Total Assets | <u>20,364</u> | <u>103,977</u> | <u>10,737</u> | <u>62,178</u> | <u>197,256</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | - | 4,944 | - | - | 4,944 |
| Total Liabilities | <u>-</u> | <u>4,944</u> | <u>-</u> | <u>-</u> | <u>4,944</u> |
| NET POSITION | | | | | |
| Unrestricted Net Position | <u>\$ 20,364</u> | <u>\$ 99,033</u> | <u>\$ 10,737</u> | <u>\$ 62,178</u> | <u>\$ 192,312</u> |
| Total Net Position | <u>\$ 20,364</u> | <u>\$ 99,033</u> | <u>\$ 10,737</u> | <u>\$ 62,178</u> | <u>\$ 192,312</u> |

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| | 715 | 730 | 732 | 733 | Total Nonmajor Enterprise Funds |
|--|------------------|------------------|-----------------------|----------------------------|--|
| | Pre-K Academy | Bearcat Store | Community Partners | Stadium/Gym Advertising | |
| OPERATING REVENUES: | | | | | |
| Local and Intermediate Sources | \$ 58,520 | \$ 54,814 | \$ 3,000 | \$ 36,335 | \$ 152,669 |
| State Program Revenues | 101 | - | - | - | 101 |
| Total Operating Revenues | <u>58,621</u> | <u>54,814</u> | <u>3,000</u> | <u>36,335</u> | <u>152,770</u> |
| OPERATING EXPENSES: | | | | | |
| Payroll Costs | 58,185 | - | - | - | 58,185 |
| Professional and Contracted Services | - | - | 500 | - | 500 |
| Supplies and Materials | 436 | 32,501 | - | - | 32,937 |
| Other Operating Costs | - | 14,606 | 628 | 141,546 | 156,780 |
| Total Operating Expenses | <u>58,621</u> | <u>47,107</u> | <u>1,128</u> | <u>141,546</u> | <u>248,402</u> |
| Operating Income (Loss) | - | 7,707 | 1,872 | (105,211) | (95,632) |
| Total Net Position - September 1 (Beginning) | <u>20,364</u> | <u>91,326</u> | <u>8,865</u> | <u>167,389</u> | <u>287,944</u> |
| Total Net Position - August 31 (Ending) | <u>\$ 20,364</u> | <u>\$ 99,033</u> | <u>\$ 10,737</u> | <u>\$ 62,178</u> | <u>\$ 192,312</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| | 715 | 730 | 732 | 733 | Total |
|---|------------------|------------------|-----------------------|----------------------------|---------------------------------|
| | Pre-K Academy | Bearcat Store | Community Partners | Stadium/Gym Advertising | Nonmajor Enterprise Funds |
| <u>Cash Flows from Operating Activities:</u> | | | | | |
| Cash Received from User Charges | \$ 58,520 | \$ 54,814 | \$ 3,000 | \$ 64,524 | \$ 180,858 |
| Cash Payments to Employees for Services | (58,084) | - | - | - | (58,084) |
| Cash Payments for Suppliers | (436) | (39,585) | - | - | (40,021) |
| Cash Payments for Other Operating Expenses | - | (14,606) | (1,950) | (141,546) | (158,102) |
| Net Cash Provided by (Used for) Operating Activities | - | 623 | 1,050 | (77,022) | (75,349) |
| Net Increase (Decrease) in Cash and Cash Equivalents | - | 623 | 1,050 | (77,022) | (75,349) |
| Cash and Cash Equivalents at Beginning of Year | 20,364 | 89,527 | 9,687 | 82,055 | 201,633 |
| Cash and Cash Equivalents at End of Year | \$ 20,364 | \$ 90,150 | \$ 10,737 | \$ 5,033 | \$ 126,284 |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u> | | | | | |
| Operating Income (Loss): | \$ - | \$ 7,707 | \$ 1,872 | \$ (105,211) | \$ (95,632) |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | | | | |
| Decrease (increase) in Receivables | - | - | - | 28,189 | 28,189 |
| Decrease (increase) in Inventories | - | (9,939) | - | - | (9,939) |
| Increase (decrease) in Accounts Payable | - | 2,855 | (822) | - | 2,033 |
| Net Cash Provided by (Used for) Operating Activities | \$ - | \$ 623 | \$ 1,050 | \$ (77,022) | \$ (75,349) |

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ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2020

| | 816 Don Daniel Endowment Fund | 817 Dan Manning Endowment Fund | 818 Hyles Attendance Awards | 819 FG Aledo Development Fund |
|-----------------------------|--|---|--------------------------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,534 | \$ 9 | \$ 327 | \$ 2,059 |
| Investments - Current | 48,032 | 35,263 | 471 | - |
| Total Assets | <u>49,566</u> | <u>35,272</u> | <u>798</u> | <u>2,059</u> |
| NET POSITION | | | | |
| Restricted for Scholarships | <u>49,566</u> | <u>35,272</u> | <u>798</u> | <u>2,059</u> |
| Total Net Position | <u>\$ 49,566</u> | <u>\$ 35,272</u> | <u>\$ 798</u> | <u>\$ 2,059</u> |

| 820 J. Choate Higher Educ. Fund | Total Private Purpose Trust Funds |
|--|--|
| \$ 2,001 | \$ 5,930 |
| 18,205 | 101,971 |
| <u>20,206</u> | <u>107,901</u> |
| 20,206 | 107,901 |
| <u>\$ 20,206</u> | <u>\$ 107,901</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| | 816 Don Daniel Endowment Fund | 817 Dan Manning Endowment Fund | 818 Hyles Attendance Awards | 819 FG Aledo Development Fund |
|--|--|---|--------------------------------------|--|
| ADDITIONS: | | | | |
| Earnings from Temporary Deposits | \$ 758 | \$ 494 | \$ 63 | \$ 5 |
| Contributions, Gifts and Donations | - | - | - | 3,000 |
| Total Additions | <u>758</u> | <u>494</u> | <u>63</u> | <u>3,005</u> |
| DEDUCTIONS: | | | | |
| Other Deductions | <u>9,000</u> | <u>2,500</u> | <u>4,750</u> | <u>1,000</u> |
| Total Deductions | <u>9,000</u> | <u>2,500</u> | <u>4,750</u> | <u>1,000</u> |
| Change in Net Position | (8,242) | (2,006) | (4,687) | 2,005 |
| Net Position - September 1 (Beginning) | <u>57,808</u> | <u>37,278</u> | <u>5,485</u> | <u>54</u> |
| Net Position - August 31 (Ending) | <u><u>\$ 49,566</u></u> | <u><u>\$ 35,272</u></u> | <u><u>\$ 798</u></u> | <u><u>\$ 2,059</u></u> |

| 820 J. Choate Higher Educ. Fund | Total Private Purpose Trust Funds |
|--|--|
| \$ 1 | \$ 1,321 |
| 20,205 | 23,205 |
| <u>20,206</u> | <u>24,526</u> |
| - | 17,250 |
| - | 17,250 |
| 20,206 | 7,276 |
| - | 100,625 |
| <u>\$ 20,206</u> | <u>\$ 107,901</u> |

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2020

| Last 10 Years Ended August 31 | (1) | (2) | (3) |
|----------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2011 and prior years | Various | Various | \$ 9,508,169,384 |
| 2012 | 1.170000 | 0.255200 | 2,434,577,463 |
| 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 (School year under audit) | 1.068300 | 0.425000 | 4,019,765,620 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 9/1/2019 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2020 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 172,176 | \$ - | \$ 650 | \$ 142 | \$ (9,998) | \$ 161,386 |
| 27,029 | - | 299 | 65 | (231) | 26,434 |
| 55,448 | - | (22,006) | (4,800) | (56,184) | 26,070 |
| 28,372 | - | (85,302) | (18,606) | (105,635) | 26,645 |
| 42,533 | - | (102,228) | (22,298) | (131,868) | 35,191 |
| (34,648) | - | (160,224) | (58,201) | (151,370) | 32,407 |
| 58,756 | - | (121,366) | (44,086) | (190,875) | 33,333 |
| 228,818 | - | 37,174 | 13,503 | (88,956) | 89,185 |
| 242,061 | - | 95,595 | 34,725 | 1,937 | 113,678 |
| - | 60,027,160 | 42,905,627 | 17,069,074 | 326,597 | 379,056 |
| <u>\$ 820,545</u> | <u>\$ 60,027,160</u> | <u>\$ 42,548,219</u> | <u>\$ 16,969,518</u> | <u>\$ (406,583)</u> | <u>\$ 923,385</u> |

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|------------------|--------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 1,775,000 | \$ 1,775,000 | \$ 1,294,877 | \$ (480,123) |
| 5800 State Program Revenues | 84,936 | 84,936 | 92,036 | 7,100 |
| 5900 Federal Program Revenues | 611,000 | 611,000 | 654,823 | 43,823 |
| 5020 Total Revenues | 2,470,936 | 2,470,936 | 2,041,736 | (429,200) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0035 Food Services | 2,695,100 | 2,695,100 | 2,492,779 | 202,321 |
| 6030 Total Expenditures | 2,695,100 | 2,695,100 | 2,492,779 | 202,321 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (224,164) | (224,164) | (451,043) | (226,879) |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | - | - | 100,000 | 100,000 |
| 1200 Net Change in Fund Balances | (224,164) | (224,164) | (351,043) | (126,879) |
| 0100 Fund Balance - September 1 (Beginning) | 473,284 | 473,284 | 473,284 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 249,120 | \$ 249,120 | \$ 122,241 | \$ (126,879) |

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2020

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|------------------|---------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 17,274,087 | \$ 17,274,087 | \$ 17,138,663 | \$ (135,424) |
| 5800 State Program Revenues | 250,000 | 250,000 | 221,471 | (28,529) |
| 5020 Total Revenues | 17,524,087 | 17,524,087 | 17,360,134 | (163,953) |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Debt | 10,126,594 | 10,126,594 | 10,126,594 | - |
| 0072 Interest on Long-Term Debt | 7,382,493 | 8,678,243 | 8,127,563 | 550,680 |
| 0073 Bond Issuance Cost and Fees | 15,000 | 15,000 | 7,841 | 7,159 |
| 6030 Total Expenditures | 17,524,087 | 18,819,837 | 18,261,998 | 557,839 |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (1,295,750) | (901,864) | 393,886 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7916 Premium or Discount on Issuance of Bonds | - | 1,295,750 | 1,295,750 | - |
| 1200 Net Change in Fund Balances | - | - | 393,886 | 393,886 |
| 0100 Fund Balance - September 1 (Beginning) | 2,888,899 | 2,888,899 | 2,888,899 | - |
| 3000 Fund Balance - August 31 (Ending) | \$ 2,888,899 | \$ 2,888,899 | \$ 3,282,785 | \$ 393,886 |

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**REPORT ON INTERNAL CONTROLS, COMPLIANCE
AND FEDERAL AWARDS**

Kirk & Richardson. P.C.

Members of the American Institute of Certified Public Accountants
Governmental Audit Quality Center

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
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2021.

Internal Control over Financial Reports

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement. 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 Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 13, 2021

Kirk & Richardson, P.C.

Members of the American Institute of Certified Public Accountants
Governmental Audit Quality Center

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Aledo Independent School District (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

7559 John T. White Rd. * P.O. Box 8342 * Fort Worth, TX 76124
Phone: (817) 451-7406 Fax: (817) 451-7597
Don Richardson, CPA * Sandhya Magar, CPA

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

Report on Internal Control over Compliance

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

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

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.
Fort Worth, Texas
January 13, 2021

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weaknesses identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness? | No |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|------------|
| Internal control over major programs: | |
| Material weaknesses identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness? | No |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with <i>Audit Requirements for Federal Awards</i> (Uniform Guidance). | No |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------|------------------------------------|
| 84.027 | IDEA – Part B, Formula |
| 84.173 | IDEA – Part B, Preschool |
| 84.425D | ESSER – School Emergency Relief |

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

Auditee qualified as low risk auditee?: Yes

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.



SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2020

PRIOR YEAR'S FINDING/NONCOMPLIANCE:

N/A – no prior year's findings/noncompliance.



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2020**

Contact Person: Earl Husfeld, Chief Financial Officer
1008 Bailey Ranch Road
Aledo, Texas 76008
(817) 441-5111

CORRECTIVE ACTION PLAN: None required.

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2020

| (1) | (2) | (3) | (4) |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 20610101184907 | \$ 298,622 |
| *IDEA - Part B, Formula | 84.027 | 206600011849046600 | 922,547 |
| *IDEA - Part B, Preschool | 84.173 | 206610011849076610 | 9,593 |
| Total Special Education Cluster (IDEA) | | | 932,140 |
| Career and Technical - Basic Grant | 84.048 | 20420006184907 | 33,806 |
| Title III, Part A - English Language Acquisition | 84.365A | 20671001184907 | 15,896 |
| ESEA, Title II, Part A, Teacher Principal Training | 84.367A | 20694501184907 | 73,140 |
| LEP Summer School | 84.369 | 69551902 | 2,671 |
| Title IV, Part A, Subpart 1 | 84.424 | 20680101184907 | 22,795 |
| ESSER Grant | 84.425D | 20521001184907 | 220,229 |
| Total Passed Through State Department of Education | | | 1,599,299 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 1,599,299 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| *School Breakfast Program | 10.553 | 00901 | 139,158 |
| *National School Lunch Program - Cash Assistance | 10.555 | 00901 | 476,991 |
| *National School Lunch Prog. - Non-Cash Assistance | 10.555 | 00901 | 124,085 |
| Total CFDA Number 10.555 | | | 601,076 |
| Total Child Nutrition Cluster | | | 740,234 |
| Total Passed Through the State Department of Agriculture | | | 740,234 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 740,234 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 2,339,533 |

*Clustered Programs

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES TO FEDERAL AWARDS
 AUGUST 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Aledo Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of District it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COST RATE

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

NOTE D – RECONCILIATION OF EXPENDITURES OF FEDERAL AWARDS

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

| | |
|--|--------------------|
| Total federal sources per financial statements for Governmental Funds | \$2,662,570 |
| School Health & Related Services (SHARS) reimbursement not reported in the Schedule of Expenditures of Federal Awards | <u>(323,037)</u> |
| Total federal expenditures on Schedule of Expenditures of Federal Awards | <u>\$2,339,533</u> |