



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: January 19, 2021

AGENDA ITEM: Consider Approval of the Annual Financial Audit for the Year Ended August 31, 2020

PRESENTER: Earl Husfeld, Chief Financial Officer

BACKGROUND INFORMATION:

- Pursuant to Education Code 44.008(a), (b), the District's fiscal accounts are required to be audited annually at District expense by a Texas certified or public accountant holding a permit from the State Board of Public Accountancy.
- The annual audit shall be completed following the close of each fiscal year and shall meet at least the minimum requirements and be in the format prescribed by the State Board of Education, subject to review and comment by the State Auditor.
- A copy of the annual audit report must be filed with the Texas Education Agency not later than the 150th day after the end of the fiscal year for which the audit was made.
- The District's annual financial audit for the year ended August 31, 2020 has been completed by the District's auditing firm, Kirk & Richardson, P.C.
- The Administration is pleased to note the annual financial audit report contains an unqualified or "clean" opinion.
- A representative of Kirk & Richardson, P.C., is available to discuss the audit with the Board of Trustees. A short presentation will be made noting the highlights of the audit report.
- Attached for your review is a copy of the Annual Financial Report for the Year Ended August 31, 2020, Management Letter to the Board of Trustees, and Board of Trustees Financial Analysis Report.

FISCAL INFORMATION:

None

ATTACHMENTS:

Annual Financial Report for the Year Ended August 31, 2020, Management Letter to the Board of Trustees, and Board of Trustees Financial Analysis Report.

ADMINISTRATIVE RECOMMENDATION:

The Administration recommends the Board of Trustees approve the Annual Financial Report for the year ended August 31, 2020 as presented.

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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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 ____ day of _____, 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)



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.

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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 Aledo Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 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.

- Other information – This annual report contains other supplementary information in addition to the basic financial statements and the notes to the financial statements. The Management’s Discussion and Analysis is required supplementary information under governmental accounting standards. The “Combining Schedules” for nonmajor funds contain even more information about the District’s individual funds. The “Required Texas Education Agency Schedules” and “Reports on Internal Controls, Compliance and Federal Awards” contain data used by monitoring or regulatory agencies for assurance that the District is using supplied funds in compliance with terms of grants.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the statement of net position (Table 1) and the statement of activities (Table 2) of the District’s governmental activities.

Table 1
Statement of Net Position

	Governmental Activities	
	2020	2019
ASSETS:		
Current and other assets	\$188,320,121	\$ 40,092,606
Capital assets	116,270,900	116,317,337
Total assets	304,591,021	156,409,943
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charges for refunding	11,820,808	12,644,235
TRS – Pension	8,646,061	8,129,495
TRS – Other Post-Employment Benefits	5,878,645	2,939,081
Total deferred outflow of resources	26,345,514	23,712,811
LIABILITIES:		
Current liabilities	8,109,497	5,921,765
Long-term liabilities	338,209,701	197,608,616
Sub-totals	346,319,198	203,530,381
TRS – Pension (District’s share)	14,949,001	13,913,349
TRS – Other Post-Employment Benefits (District’s share)	17,914,438	16,765,643
Total liabilities	379,182,637	234,209,373
DEFERRED INFLOW OF RESOURCES:		
TRS – Pension	2,495,062	837,506
TRS – Other Post-Employment Benefits	7,750,053	5,301,700
Total deferred inflows of resources	10,245,115	6,139,206
NET POSITION:		
Net investment in capital assets	(72,796,505)	(56,879,779)
Restricted	26,080,348	9,924,295
Unrestricted	(11,775,060)	(13,270,341)
Total net position	\$(58,491,217)	\$(60,225,825)

	Business Type Activities	
	2020	2019
ASSETS:		
Current and other assets	\$197,256	\$290,855
Total assets	197,256	290,855
LIABILITIES:		
Other liabilities	4,944	2,911
Total liabilities	4,944	2,911
NET POSITION:		
Unrestricted	192,312	287,944
Total net position	\$192,312	\$287,944

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	<u>\$116,270,900</u>	<u>\$116,317,337</u>

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	<u>\$371,073,140</u>	<u>\$228,287,608</u>

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

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

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	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	304,591,021	197,256	304,788,277
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	26,345,514	-	26,345,514
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	379,182,637	4,944	379,187,581
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	10,245,115	-	10,245,115
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	\$ (58,491,217)	\$ 192,312	\$ (58,298,905)

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

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ALED0 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:	83,652,802	2,491,891	7,781,023
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:	248,402	152,770	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 83,901,204	\$ 2,644,661	\$ 7,781,023
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		
CN	Total General Revenues & Extraordinary Items		
NB	Change in Net Position		
NE	Net Position - Beginning		
	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)
(73,379,888)	-	(73,379,888)
-	-	-
-	7,707	7,707
-	1,872	1,872
-	(105,211)	(105,211)
-	(95,632)	(95,632)
(73,379,888)	(95,632)	(73,475,520)
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)
75,114,496	-	75,114,496
1,734,608	(95,632)	1,638,976
(60,225,825)	287,944	(59,937,881)
\$ (58,491,217)	\$ 192,312	\$ (58,298,905)

ALED0 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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ALED0 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.

ALED0 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	60,997,690	17,360,134	209,497
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	56,206,101	18,261,998	9,777,544
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	4,791,589	(901,864)	(9,568,047)
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)	(65,117)	1,295,750	151,140,623
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)	\$ 28,332,782	\$ 3,282,785	\$ 148,145,984

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

		Total	
Other		Governmental	
Funds		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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ALED0 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
<hr/>	
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.

ALED0 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	152,770
OPERATING EXPENSES:	
Payroll Costs	58,185
Professional and Contracted Services	500
Supplies and Materials	32,937
Other Operating Costs	156,780
Total Operating Expenses	248,402
Operating Income (Loss)	(95,632)
Total Net Position - September 1 (Beginning)	287,944
Total Net Position - August 31 (Ending)	\$ 192,312

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

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ALED0 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	107,901	
Total Net Position	<u>\$ 107,901</u>	

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

ALED0 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	<u>24,526</u>
DEDUCTIONS:	
Other Deductions	<u>17,250</u>
Total Deductions	<u>17,250</u>
Change in Fiduciary Net Position	7,276
 Total Net Position - September 1 (Beginning)	 <u>100,625</u>
 Total Net Position - August 31 (Ending)	 <u><u>\$ 107,901</u></u>

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.

14. 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:

Investment/Credit Ratings	Carrying Amount	Fair Value	Percentage of Investments	Weighted Average Maturity (Days)
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

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Exhibit F-1

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>

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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.

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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	<u>100.0%</u>		<u>7.23%</u>

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

Exhibit F-1

- * 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	\$40,099,858

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.

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

Exhibit F-1

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.

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

Exhibit F-1

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	\$5,878,645	\$7,750,053

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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ALEDO 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		
\$ 25,383,419		\$ 24,100,332	\$ 17,009,336		
\$	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	224	225	240
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ 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) 49,283 -	\$ - - -	\$ - - -	\$ 200 - -	\$ (220,229) 220,229 -	\$ - - -	\$ - - -	\$ 1,795 - -
<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>

ALED0 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

ALED0 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	573,976	76,078	50	598,117
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	573,976	76,078	50	515,280
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)	\$ -	\$ -	\$ -	\$ 555,646

	490		Total
	Education		Nonmajor
	Foundation		Governmental
	Grant Awards		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
	Pre-K Academy	Bearcat Store	Community Partners	Stadium/Gym Advertising	Nonmajor Enterprise Funds
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	20,364	103,977	10,737	62,178	197,256
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	4,944	-	-	4,944
Total Liabilities	-	4,944	-	-	4,944
NET POSITION					
Unrestricted Net Position	\$ 20,364	\$ 99,033	\$ 10,737	\$ 62,178	\$ 192,312
Total Net Position	\$ 20,364	\$ 99,033	\$ 10,737	\$ 62,178	\$ 192,312

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	58,621	54,814	3,000	36,335	152,770
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	58,621	47,107	1,128	141,546	248,402
Operating Income (Loss)	-	7,707	1,872	(105,211)	(95,632)
Total Net Position - September 1 (Beginning)	20,364	91,326	8,865	167,389	287,944
Total Net Position - August 31 (Ending)	\$ 20,364	\$ 99,033	\$ 10,737	\$ 62,178	\$ 192,312

ALED0 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	Bearcat	Community	Stadium/Gym	Nonmajor
	Academy	Store	Partners	Advertising	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</u>					
<u>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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ALED0 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>

ALED0 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
20,206	24,526
-	17,250
-	17,250
20,206	7,276
-	100,625
\$ 20,206	\$ 107,901

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

ALED0 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

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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.

ALED0 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

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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>

Kirk & Richardson, P.C.

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

January 13, 2021

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") for the year ended August 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 7, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the Note I to the financial statements. No new accounting policies were adopted; and the application of existing policies was not changed during the year. We noted no transactions entered by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of state foundation revenue earned is based on values and data for each of the factors in the formula known as of the date of the audit report. We evaluated the key factors and assumptions used to develop estimated revenue in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on historical local property tax revenues, historical loss levels, and an analysis of the collectability of individual accounts. We

evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, even if not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, such as obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Exhibit G-1 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Exhibit G-6 – Schedule of the District's Proportionate Share of the Net Pension Liability – Teachers Retirement System of Texas, Exhibit G-7 – Schedule of District Contributions – Teachers Retirement System of Texas, Exhibit G-8 – Schedule of the District's Proportionate Share of the Net OPEB Liability – Teachers Retirement System of Texas, and Exhibit G-9 – Schedule of District Contributions for Other Postemployment Benefits – Teacher Retirement System of Texas which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Schedules and Required Texas Education Agency Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the District's Board of Trustees, management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.

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

January 13, 2021

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

Dear Board Members:

Attached for your information and review are schedules comparing the 2019/20 school year with prior years. The following summarizes the significant changes in revenues and expenditures as compared to the 2018/19 school year.

REVENUES

Source	Amount Change From 2018/19	Percent Change From 2018/19
Local	\$2,356,879	5.7
State	5,371,650	47.1

EXPENDITURES BY OBJECT

Payroll Costs	\$4,770,976	12.0
Other Operating Expenses	551,197	39.9

EXPENDITURES BY FUNCTION

Instruction	\$3,791,513	13.6
Student Transportation	539,621	22.8
Intergovernmental Charges	(789,900)	(43.2)

On August 31, 2020, your total fund balance in the General Fund was \$28,332,782, an increase of \$4,477,472 over the previous year. Your total fund balance in the General Fund is the equivalent of 6.0 months of operating expenditures, an increase of 0.3 months over the prior year.

Sincerely,

Kirk & Richardson, P.C.

Kirk & Richardson, P.C.

cc Dr. Susan K. Bohn, Superintendent
Earl Husfeld, Chief Financial Officer
Beverly Hanson, Business Manager

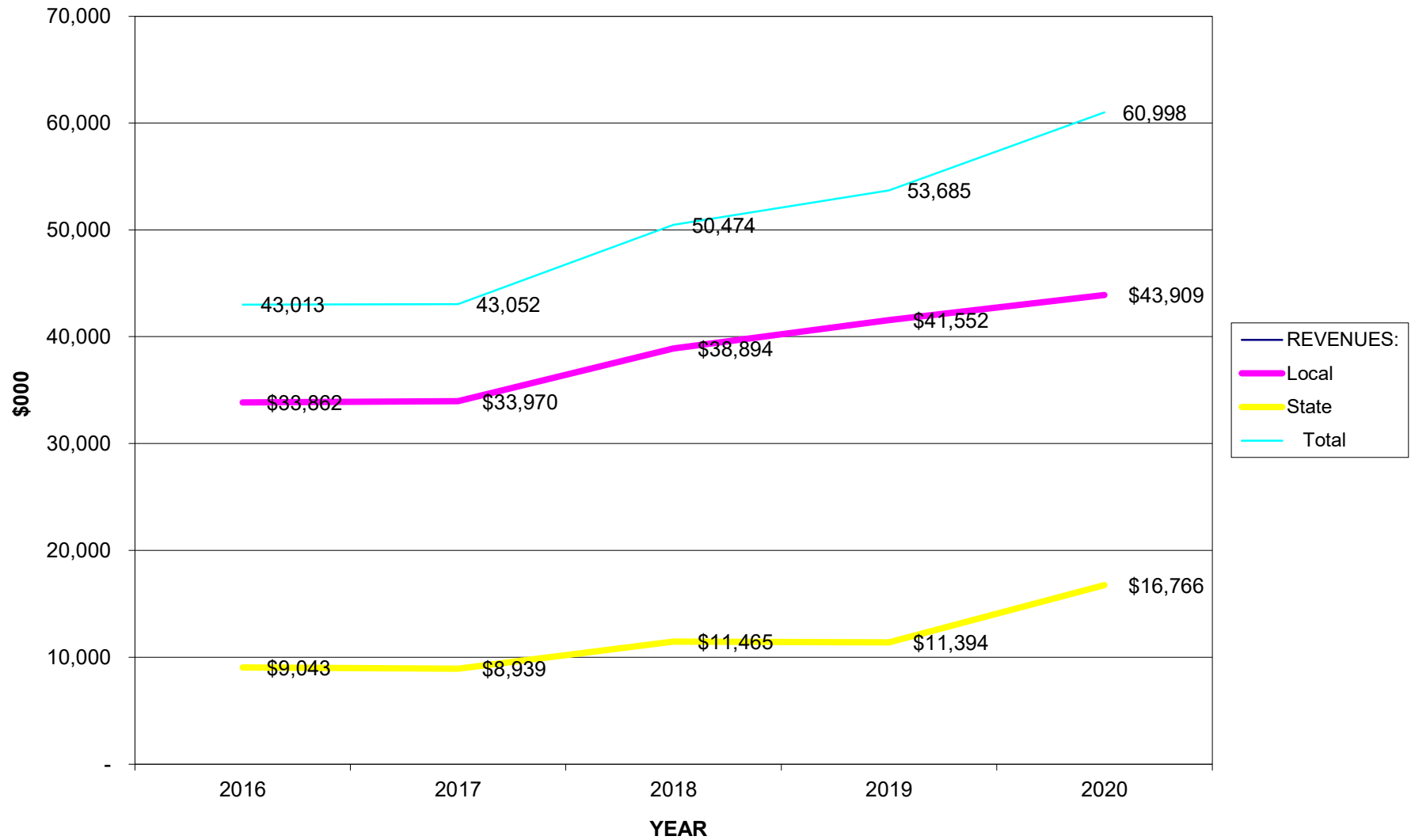
**ALEDO INDEPENDENT SCHOOL DISTRICT
ANALYSIS OF REVENUES, EXPENDITURES, AND FUND BALANCE
- GENERAL FUND
FOR THE YEARS ENDED AUGUST 31**

	2020		2019		CHANGE	
	\$	%	\$	%	\$	%
REVENUES:						
Local	43,908,889	72.0	41,552,010	77.4	2,356,879	5.7
State	16,765,764	27.5	11,394,114	21.2	5,371,650	47.1
Federal	323,037	0.5	739,068	1.4	(416,031)	(56.3)
Total	<u>60,997,690</u>	<u>100.0</u>	<u>53,685,192</u>	<u>100.0</u>	<u>7,312,498</u>	<u>13.6</u>
EXPENDITURES (BY OBJECT)						
Payroll Costs	44,434,430	79.1	39,663,454	78.4	4,770,976	12.0
Professional & Contracted Services	7,032,824	12.5	7,427,218	14.7	(394,394)	(5.3)
Supplies & Material	2,603,790	4.6	2,106,793	4.2	496,997	23.6
Other Operating Expenses	1,934,179	3.4	1,382,982	2.7	551,197	39.9
Debt Service	0	0.0	0	0.0	0	-
Capital Outlay	200,878	0.4	0	0.0	200,878	-
Total	<u>56,206,101</u>	<u>100.0</u>	<u>50,580,447</u>	<u>100.0</u>	<u>5,625,654</u>	<u>11.1</u>
EXPENDITURES (BY FUNCTION)						
Instruction	31,664,427	56.3	27,872,914	55.1	3,791,513	13.6
Instructional Resources & Media Services	663,914	1.2	674,168	1.3	(10,254)	(1.5)
Curriculum & Instructional Staff Development	501,370	0.9	400,048	0.8	101,322	25.3
Total Instruction & Instructional Related Serv.	<u>32,829,711</u>	<u>58.4</u>	<u>28,947,130</u>	<u>57.2</u>	<u>3,882,581</u>	<u>13.4</u>
Instructional Leadership	774,445	1.4	691,437	1.4	83,008	12.0
School Leadership	3,074,568	5.5	2,914,733	5.8	159,835	5.5
Total Instructional & School Leadership	<u>3,849,013</u>	<u>6.8</u>	<u>3,606,170</u>	<u>7.1</u>	<u>242,843</u>	<u>6.7</u>
Guidance & Counseling Services	1,923,940	3.4	1,617,229	3.2	306,711	19.0
Health Services	562,689	1.0	542,811	1.1	19,878	3.7
Student Transportation	2,903,802	5.2	2,364,181	4.7	539,621	22.8
Food Service	1,306	0.0	1,028	0.0	278	27.0
Extracurricular Activities	2,618,708	4.7	2,395,977	4.7	222,731	9.3
Total Support Services - Student (Pupil)	<u>8,010,445</u>	<u>14.3</u>	<u>6,921,226</u>	<u>13.7</u>	<u>1,089,219</u>	<u>15.7</u>
General Administration	2,690,327	4.8	2,196,249	4.3	494,078	22.5
Total Administrative Support Services	<u>2,690,327</u>	<u>4.8</u>	<u>2,196,249</u>	<u>4.3</u>	<u>494,078</u>	<u>22.5</u>
Plant Maintenance & Operations	5,822,349	10.4	5,478,517	10.8	343,832	6.3
Security & Monitoring Services	695,789	1.2	656,039	1.3	39,750	6.1
Data Processing Services	1,104,857	2.0	941,668	1.9	163,189	17.3
	<u>7,622,995</u>	<u>13.6</u>	<u>7,076,224</u>	<u>14.0</u>	<u>546,771</u>	<u>7.7</u>
Community Services	0	0.0	0	0.0	0	-
Total Ancillary Services	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>-</u>
Debt Services	0	0.0	0	0.0	0	-
Total Debt Services	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>-</u>
Facilities Acquisition and Construction	163,702	0.6	3,640	0.0	160,062	4,397.3
Total Facilities Acquisition & Construction	<u>163,702</u>	<u>0.6</u>	<u>3,640</u>	<u>0.0</u>	<u>160,062</u>	<u>4,397.3</u>
Intergovernmental Charges	1,039,908	1.9	1,829,808	3.6	(789,900)	(43.2)
Total Intergovernmental Charges	<u>1,039,908</u>	<u>1.9</u>	<u>1,829,808</u>	<u>3.6</u>	<u>(789,900)</u>	<u>(43.2)</u>
Total	<u>56,206,101</u>	<u>100.0</u>	<u>50,580,447</u>	<u>100.0</u>	<u>5,625,654</u>	<u>11.1</u>
ENDING FUND BALANCE:						
	<u>28,332,782</u>		<u>23,855,310</u>		<u>4,477,472</u>	<u>18.8</u>
FUND BALANCE RATIO:						
OPERATING EXPENDITURES	<u>6.0</u>		<u>5.7</u>		<u>0.3</u>	<u>5.3</u>
REFINED ADA:						
	<u>6,141</u>		<u>5,866</u>		<u>275</u>	<u>4.7</u>

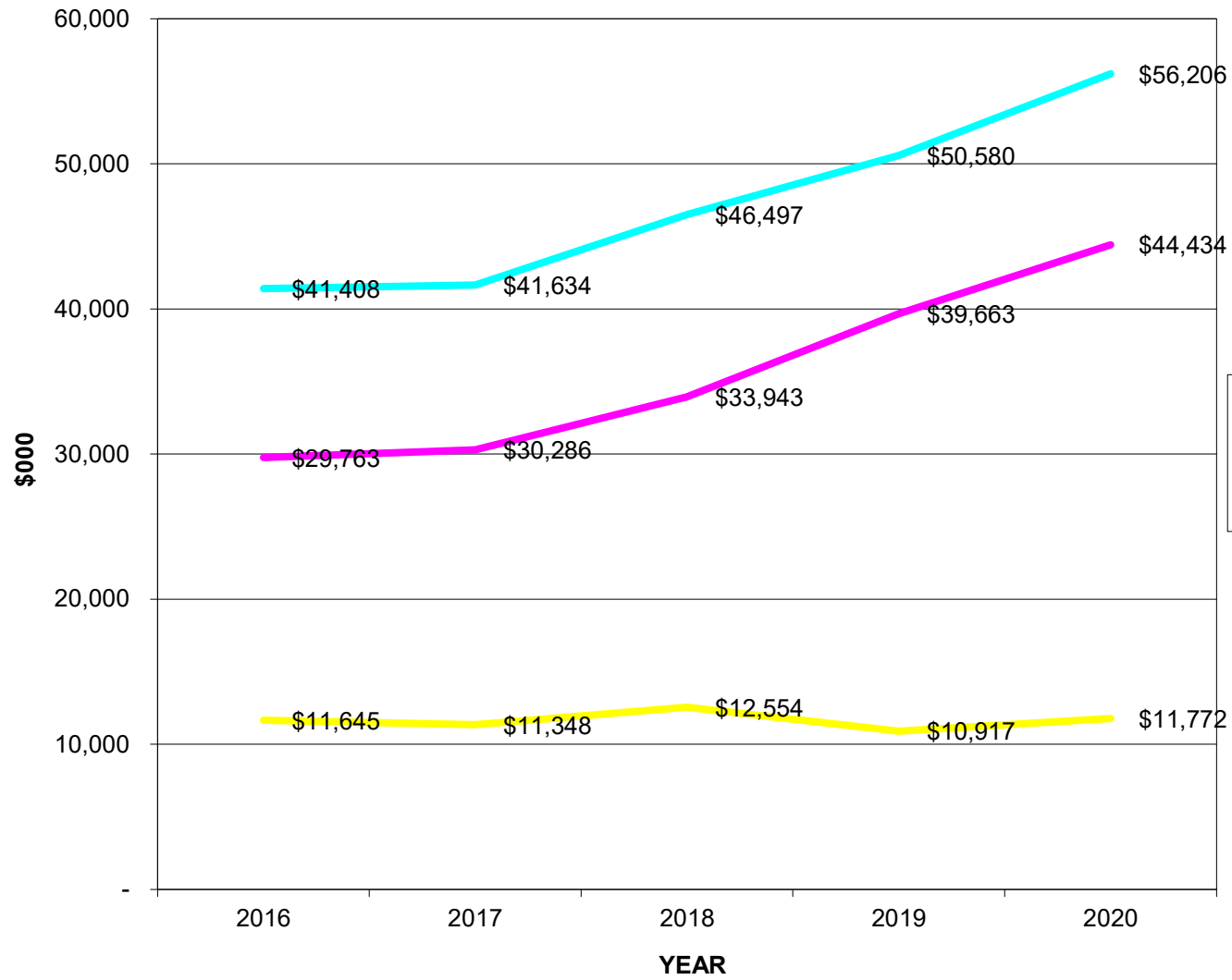
**ALEDO INDEPENDENT SCHOOL DISTRICT
ANALYSIS OF REVENUES, EXPENDITURES, AND FUND BALANCE
- GENERAL FUND
FOR THE YEARS ENDED AUGUST 31**

	2016		2017		2018		2019		2020	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
REVENUES:										
Local	33,862	78.7	33,970	78.9	38,894	77.1	41,552	77.4	43,909	72.0
State	9,043	21.0	8,939	20.8	11,465	22.7	11,394	21.2	16,766	27.5
Federal	108	0.3	143	0.3	115	0.2	739	1.4	323	0.5
Total	<u>43,013</u>	<u>100.0</u>	<u>43,052</u>	<u>100.0</u>	<u>50,474</u>	<u>100.0</u>	<u>53,685</u>	<u>100.0</u>	<u>60,998</u>	<u>100.0</u>
EXPENDITURES (BY OBJECT)										
Payroll Costs	29,763	71.9	30,286	72.7	33,943	73.0	39,663	78.4	44,434	79.1
Professional & Contracted Services	5,861	14.2	6,465	15.5	6,968	15.0	7,427	14.7	7,033	12.5
Supplies & Material	1,479	3.6	1,458	3.5	1,651	3.6	2,107	4.2	2,604	4.6
Other Operating Expenses	3,560	8.6	3,362	8.1	3,248	7.0	1,383	2.7	1,934	3.4
Debt Service	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Capital Outlay	745	1.8	63	0.2	687	1.5	0	0.0	201	0.4
Total	<u>41,408</u>	<u>100.0</u>	<u>41,634</u>	<u>100.0</u>	<u>46,497</u>	<u>100.0</u>	<u>50,580</u>	<u>100.0</u>	<u>56,206</u>	<u>100.0</u>
EXPENDITURES (BY FUNCTION)										
Instruction	22,243	53.7	22,173	53.3	25,008	53.8	27,873	55.1	31,665	56.3
Instructional Resources & Media Services	500	1.2	560	1.3	645	1.4	674	1.3	664	1.2
Curriculum & Instructional Staff Development	264	0.6	303	0.7	406	0.9	400	0.8	501	0.9
Total Instruction & Instructional - Related Serv.	<u>23,007</u>	<u>55.6</u>	<u>23,036</u>	<u>55.3</u>	<u>26,059</u>	<u>56.0</u>	<u>28,947</u>	<u>57.2</u>	<u>32,830</u>	<u>58.4</u>
Instructional Leadership	475	1.1	478	1.1	605	1.3	691	1.4	774	1.4
School Leadership	2,575	6.2	2,577	6.2	2,717	5.8	2,915	5.8	3,075	5.5
Total Instructional & School Leadership	<u>3,050</u>	<u>7.4</u>	<u>3,055</u>	<u>7.3</u>	<u>3,322</u>	<u>7.1</u>	<u>3,606</u>	<u>7.1</u>	<u>3,849</u>	<u>6.8</u>
Guidance & Counseling Services	1,309	3.2	1,349	3.2	1,525	3.3	1,617	3.2	1,924	3.4
Health Services	432	1.0	447	1.1	516	1.1	543	1.1	562	1.0
Student (Pupil) Transportation	2,192	5.3	2,141	5.1	2,016	4.3	2,364	4.7	2,904	5.2
Food Service	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Cocurricular/Extracurricular Activities	2,179	5.3	2,029	4.9	2,255	4.8	2,396	4.7	2,619	4.7
Total Support Services - Student (Pupil)	<u>6,113</u>	<u>14.8</u>	<u>5,967</u>	<u>14.3</u>	<u>6,313</u>	<u>13.6</u>	<u>6,921</u>	<u>13.7</u>	<u>8,010</u>	<u>14.3</u>
General Administration	1,742	4.2	1,770	4.3	2,023	4.4	2,196	4.3	2,690	4.8
Total Administrative Support Services	<u>1,742</u>	<u>4.2</u>	<u>1,770</u>	<u>4.3</u>	<u>2,023</u>	<u>4.4</u>	<u>2,196</u>	<u>4.3</u>	<u>2,690</u>	<u>4.8</u>
Plant Maintenance & Operations	4,645	11.2	4,931	11.8	5,135	11.0	5,478	10.8	5,822	10.4
Security & Monitoring Services	481	1.2	486	1.2	545	1.2	656	1.3	696	1.2
Data Processing Services	1,003	2.4	880	2.1	955	2.1	942	1.9	1,105	2.0
Total Support Services - Nonstudent Based	<u>6,129</u>	<u>14.8</u>	<u>6,297</u>	<u>15.1</u>	<u>6,635</u>	<u>14.3</u>	<u>7,076</u>	<u>14.0</u>	<u>7,623</u>	<u>13.6</u>
Community Services	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Ancillary Services	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Debt Service	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Debt Service	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Facilities Acquisition and Construction	0	0.0	0	0.0	609	1.3	4	0.0	164	0.3
Total Facilities and Construction	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>609</u>	<u>1.3</u>	<u>4</u>	<u>0.0</u>	<u>164</u>	<u>0.3</u>
Intergovernmental	1,367	3.3	1,509	3.6	1,536	3.3	1,830	3.6	1,040	1.9
Total Intergovernmental	<u>1,367</u>	<u>3.3</u>	<u>1,509</u>	<u>3.6</u>	<u>1,536</u>	<u>3.3</u>	<u>1,830</u>	<u>3.6</u>	<u>1,040</u>	<u>1.9</u>
Total Expenditures	<u>41,408</u>	<u>100.0</u>	<u>41,634</u>	<u>100.0</u>	<u>46,497</u>	<u>100.0</u>	<u>50,580</u>	<u>100.0</u>	<u>56,206</u>	<u>100.0</u>
ENDING FUND BALANCE:	<u>15,337</u>		<u>16,778</u>		<u>20,771</u>		<u>23,855</u>		<u>28,333</u>	
FUND BALANCE RATIO:										
OPERATING EXPENDITURES	<u>4.4</u>		<u>4.8</u>		<u>5.4</u>		<u>5.7</u>		<u>6.0</u>	
REFINED ADA:	<u>5,021</u>		<u>5,244</u>		<u>5,499</u>		<u>5,866</u>		<u>6,141</u>	

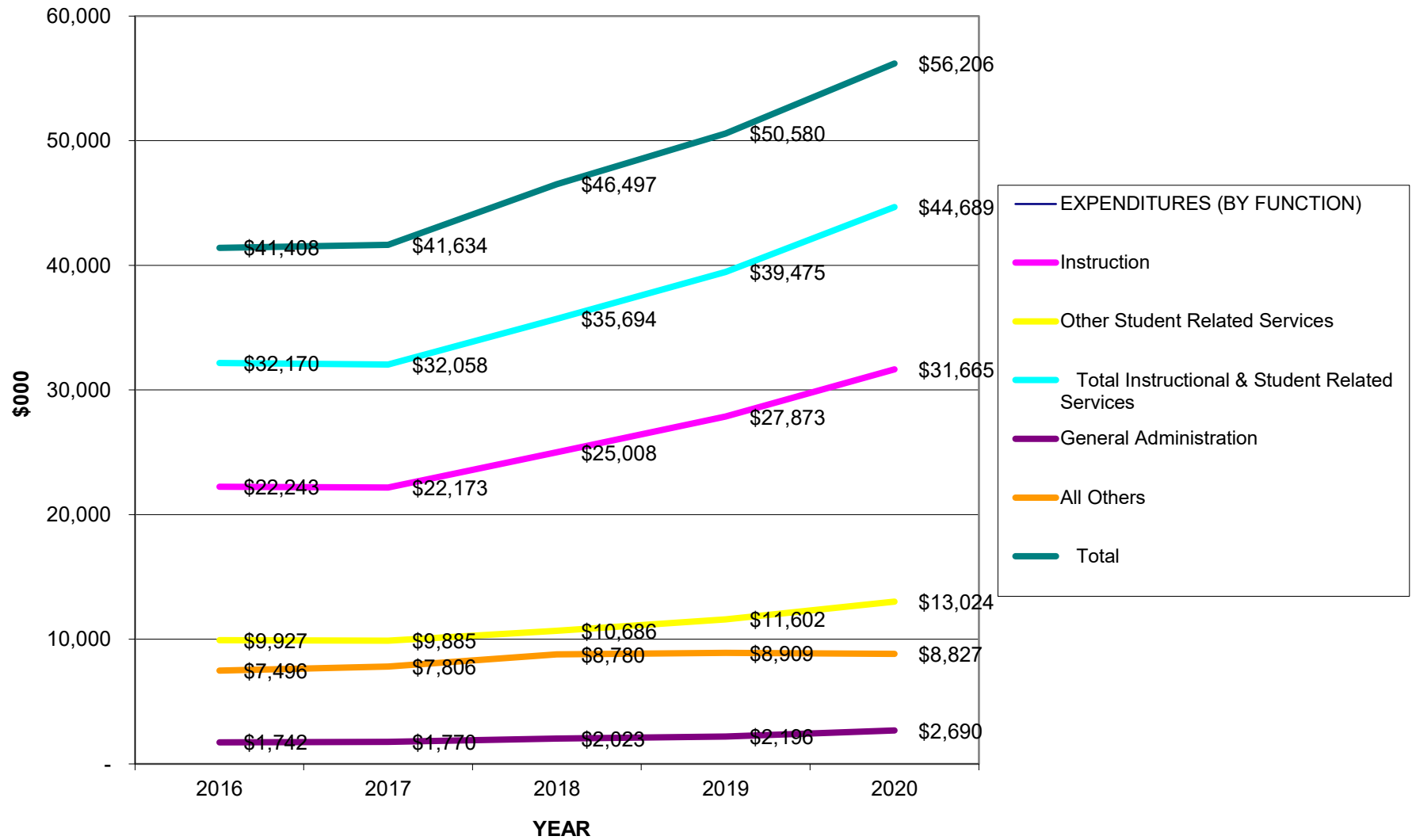
GENERAL FUND REVENUE



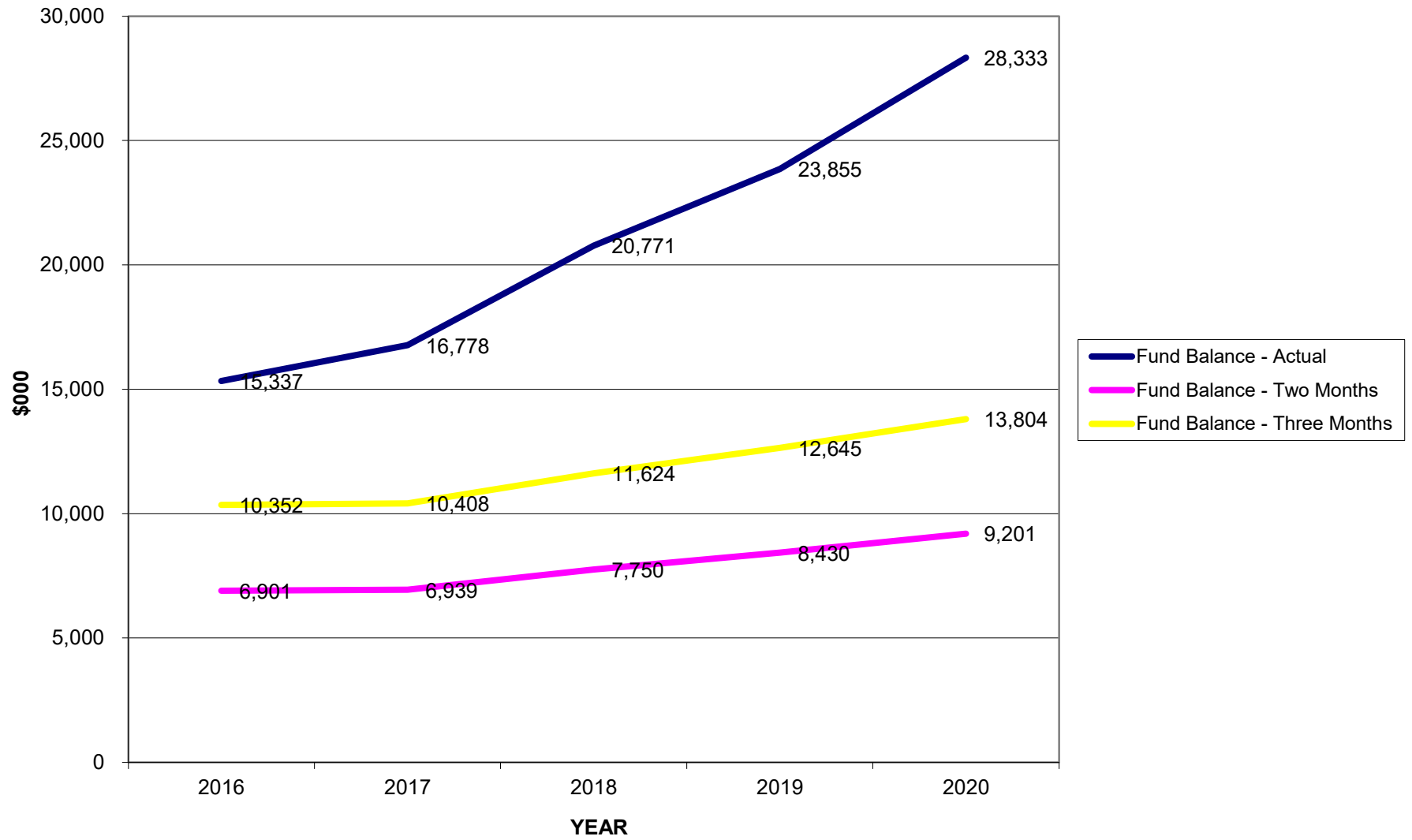
GENERAL FUND EXPENDITURES BY OBJECT CODE



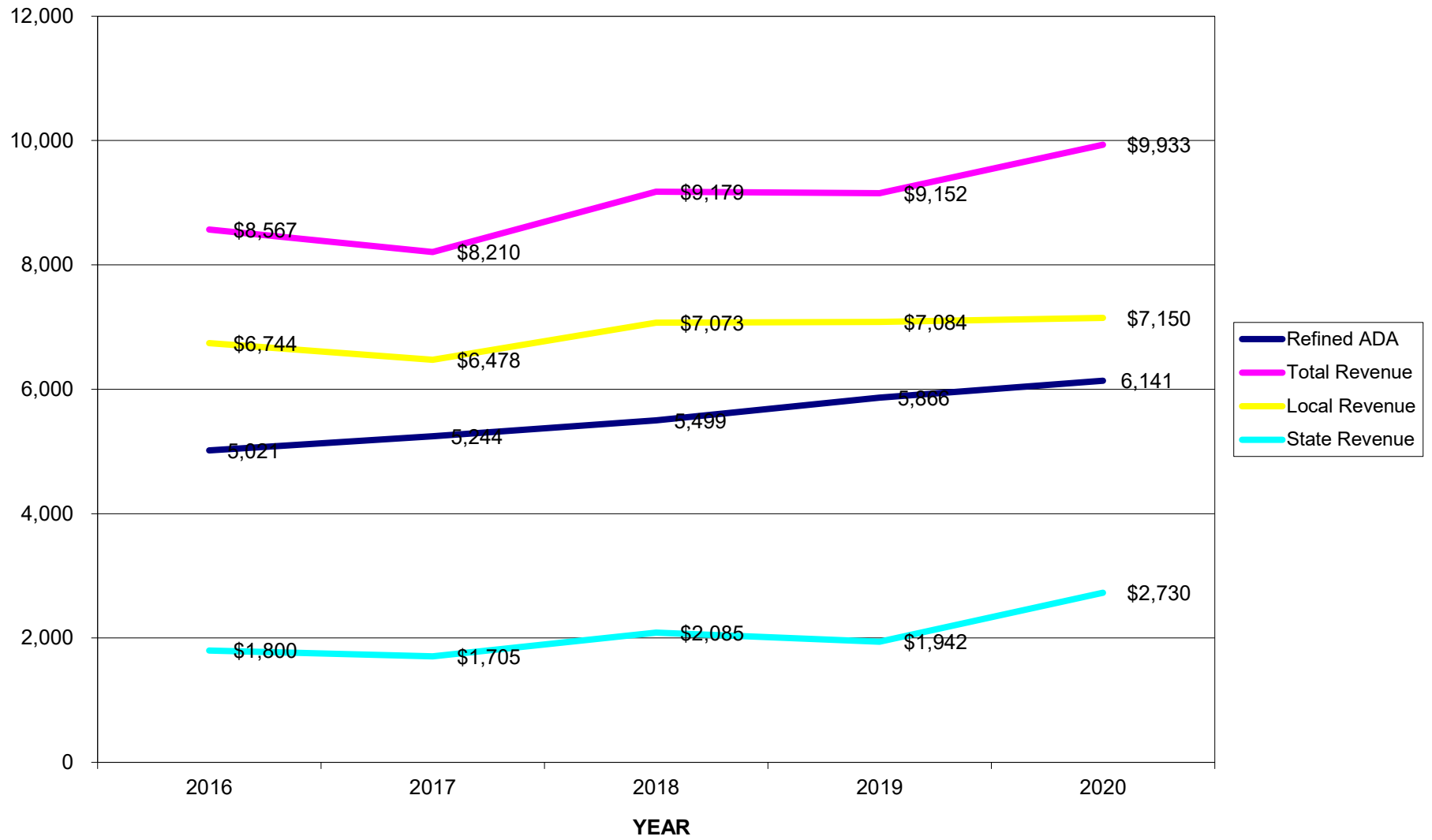
GENERAL FUND EXPENDITURES BY FUNCTION



GENERAL FUND - FUND BALANCE



REVENUES PER REFINED ADA



EXPENDITURES PER REFINED ADA

