

Alief Independent School District



Annual Comprehensive Financial Report

For the Year Ended August 31, 2021



4250 Cook Road
Houston, Texas 77072
www.aliefisd.net

Alief Independent School District

Comprehensive Annual Financial Report *For the Year Ended August 31, 2021*



Prepared by the Business Services Division:

Charles Woods
Deputy Superintendent for Business
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Budget Director

Alief Independent School District
4250 Cook Road
Houston, TX 77072
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**Alief Independent School District
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For the Year Ended August 31, 2021**

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Introductory Section

**Alief Independent School District
Principal Officials and Advisors**

Board of Trustees
as of August 31, 2021

<u>Board of Trustees</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Ms. Ann Williams, President	14 Years	2023	Educator
Ms. Darlene Breaux, Vice President	4 Years	2021	Education Director
Dr. Lily Truong, Secretary	6 Years	2023	Educational Consultant
Ms. Jennifer Key, Assistant Secretary	4 Years	2021	Retired Educator/Administrator
Ms. Natasha Butler, Member	4 Years	2021	Accountant
Mr. Rick Moreno, Member	14 Years	2023	Paramedic/Transfer Coordinator
Mr. John Nguyen, Member	4 Years	2021	Computer Technician

Administrative Officials

<u>Official</u>	<u>Position</u>	<u>Length of Service</u>
Mr. HD Chambers	Superintendent of Schools	11 Years
Mr. Charles Woods	Deputy Superintendent for Business Services	31 Years
Ms. Ava Montgomery	Deputy Superintendent for Instruction	26 Years
Ms. Deanna Wentz	Assistant Superintendent for Finance	26 Years

Consultants and Advisors

Hunton Andrews Kurth, L.L.P.
Bond Counsel – Houston, Texas

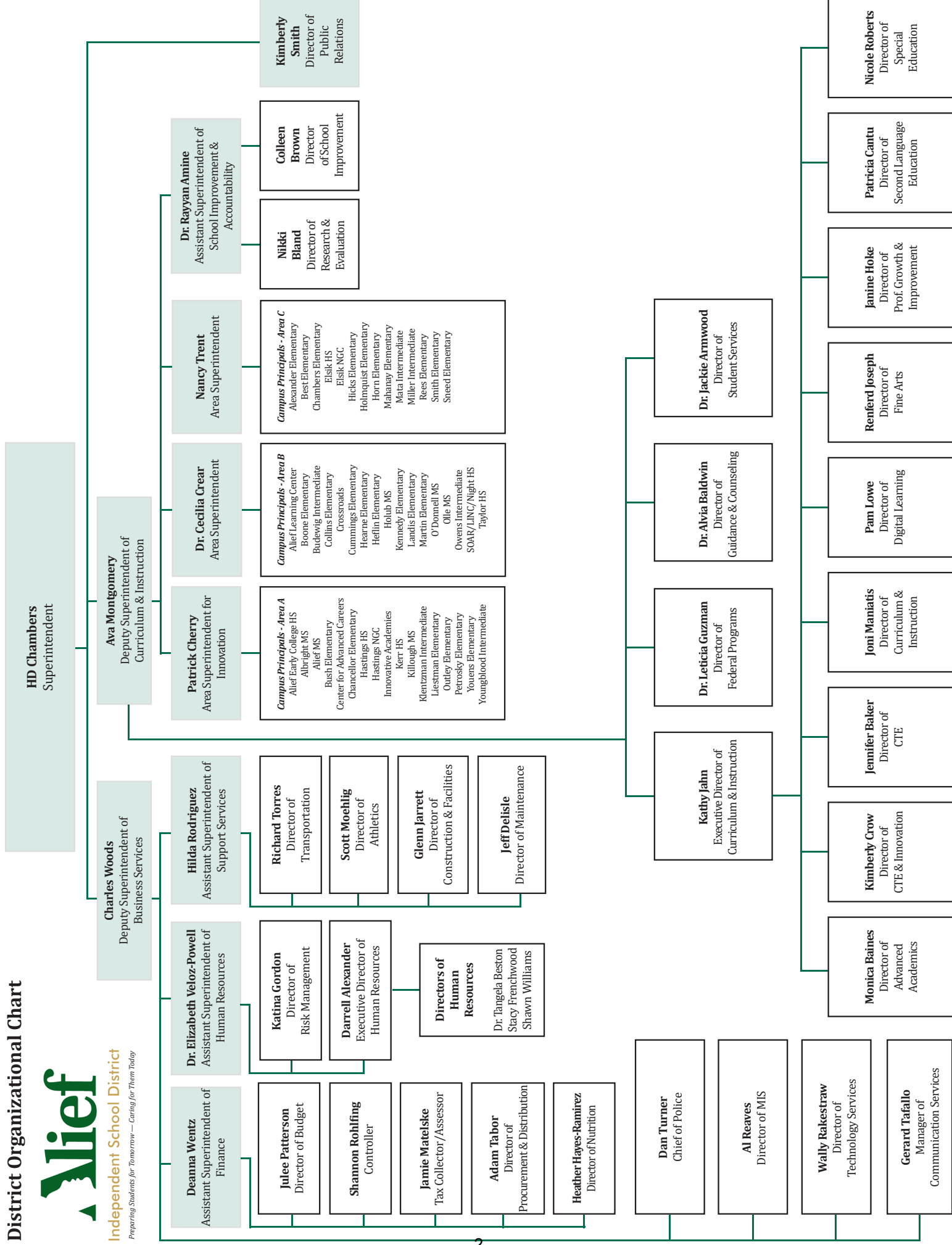
USCA Municipal Advisors, L.L.C.
Financial Advisor – Houston, Texas

Whitley Penn, L.L.P.
Independent Auditors – Houston, Texas

District Organizational Chart



Independent School District
Preparing Students for Tomorrow — Caring for Them Today



January 18, 2022

Members of the Board of Trustees and
Citizens of the Alief Independent School District

State law requires that all general-purpose local governments publish within 150 days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Alief Independent School District for the fiscal year ended August 31, 2021.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making those representations, management of the District has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Whitley Penn, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2021 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

The annual comprehensive financial report is presented in three sections: introductory section, financial section, and statistical section. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials and advisors. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of independent auditors. The statistical data section includes selected financial and demographic information, generally presented on a multi-year basis.

Profile of the District

The Alief Independent School District, established in 1917, encompasses 39.1 square miles in southwest Harris County. The District is an independent political subdivision of the State of Texas governed by an elected board of trustees. The board is elected to staggered four-year terms by the District's residents. Based on legislative authority codified in the Texas Education Code, the Board (1) has exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) has the right of eminent domain to acquire real property. The District is located primarily within the City of Houston and totally within Harris County, Texas. The District is not included in any other governmental reporting entity and there are no component units. Any charter school within District's boundaries is funded separately by the State's Foundation School Program based on their student attendance as well as their program participation.

The Alief Independent School District has a population of approximately 263,000 and employs approximately 6,500 employees. These employees provide educational services for the approximately 42,000 students enrolled in the Alief Independent School District. The twenty-four elementary schools (pre-kindergarten through fourth or fifth grade), six intermediate schools (fifth and sixth grades), six middle schools (sixth or seventh grade through eighth grade), two ninth grade centers, four high schools (ninth grade through twelfth grade), and one early college high school, and are accredited by the Southern Association of Colleges and Schools and the Texas Education Agency (TEA). A list of school buildings with year of construction can be found in the Statistical Section.

The Alief Independent School District provides a full range of educational services appropriate to grade levels pre-kindergarten through twelfth grade. These include regular and enriched academic education, special education for handicapped students, occupational education, and educational services for those with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in fine arts, athletics, and other extracurricular programs.

Budgeting

The annual budget serves as the foundation for the District's financial planning and control. Each school district in Texas is required by law to prepare annually a budget for the General Fund, the Food Service Program, and the Debt Service Fund. The budget process begins in January of each year with the preparation of the Long-Range Plan. The enrollment projections contained in this plan form the basis for significant budgetary decisions including per pupil allocations to each campus, instructional staffing allocations, and other required service levels. Once the Long-Range Plan is approved, the Board of Trustees can begin discussions concerning budget strategies and priorities, and establish the budget calendar. Personnel units are allocated to each campus based on projected student enrollment following state mandated ratios, as applicable. Each campus receives a basic allotment per student to be used for supplies, materials, equipment, staff development and other appropriate instructional costs. Decisions concerning utilization of this allocation are made by the site-based decision making teams. Budgets for non-campus units are developed by department heads and reviewed by the Budget Committee. Following the budget development process, consolidated budgetary information is presented to the Board of Trustees in workshops and regular meetings. The proposed budget must be prepared by August 20th for a September 1st fiscal year start date. The Board President must call a board meeting for the purpose of discussing and adopting the budget and the tax rate. A notice of this meeting is required to be published at least 10 days, but not more than 30 days before the public meeting. Budget-to-actual comparisons are provided in this report for each individual governmental fund or program for which an appropriated annual budget has been adopted.

Profile of the District (continued)

Budgeting (continued)

The District maintains budgetary controls within all of its financial systems to ensure compliance with all the statutory provisions of the Texas Education Agency. The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditure categories, revenue objects, or other sources and uses accounts require Board approval. However, budget changes not requiring an increase in total appropriations and within functional categories may be approved by management without Board approval. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Outstanding encumbrances at the end of the fiscal year are represented as assigned fund balance and are treated as expenditures in the following year upon receipt of the goods and services.

Factors Affecting Economic Condition and Planning

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The local economy is based predominantly on commercial and financial activities. Shell Development Company's Westhollow Research Center is situated in the western portion of the District. Chevron Chemical, a Halliburton Company, is also located in the District. Westchase Houston, a 1,198-acre master planned community, has continued to be developed in the northeast quadrant of the District. The Beltway Development encompasses 400 acres restricted for a business park, retail and commercial enterprises, townhouses and apartment units. Property values increased 8.0% for 2020-21 after a 5.6% increase in the previous year. The increase is mostly in residential properties.

Approximately 49% of Alief students reside in apartments within the District. Since apartment construction, occupancy rates, and development of residential subdivisions heavily influence enrollment rates, District personnel carefully monitor these factors throughout the year.

Prior to 2019, enrollment had varied by +/- 1% to 2% each year with an overall decrease of approximately 1,600 students in the previous five years. These enrollment fluctuations were primarily attributable to changes in apartment occupancy rates and competition from charter facilities. In 2018-19, enrollment decreased with a 732 student (1.6%) decline. In 2019-20, fall enrollment was flat; however, on March 12, 2020 the district closed due to COVID-19 and did not re-open for the remainder of the school year. Enrollment projections for the 2020-21 school year had been completed prior to closure with anticipated enrollment of 45,162, a decline of 530. However, as the pandemic continued into the 2020-21 school year, enrollment declined dramatically with fall snapshot enrollment at 42,131, a decline of 3,561 from the prior year. The district began the 2020-21 school year with remote only instruction and transitioned to offering in-person instruction in October for all parents that choose that option. District and campus personnel made significant outreach attempts, but enrollment (combined in-person and remote) remained low throughout the year. The most dramatic student losses were in Elementary, especially in Pre-K and Kindergarten. This situation was seen throughout the State with declines statewide of 3%. Enrollment projections for 2021-22 were generated using our standard methods with adjustments in lower grade levels for the unusual loss due to the pandemic. The projection for 2021-22 is 43,133, an increase of 1,002 from 2020-21, but still down approximately 2,500 from 2019-20.

State Funding and Tax Levy

The State of Texas provides funding for public education via a financing formula which weights student attendance levels, property value per student, the District's tax effort, and regional variations in payroll and other costs. The District is considered a "property-poor" school district because the assessed value of property per student is lower than the Equalized Wealth Level of \$319,500.

The Texas Legislature meets biennially, during odd numbered years. During the 2019 Legislative Session, House Bill 3 was passed that provided significant increases in funding, required increases in teacher compensation and mandated reductions in local property taxes. While the overall structure of the funding formula remained basically the same, significant new funding sources were added and existing elements were changed.

Factors Affecting Economic Condition and Planning (continued)

State Funding and Tax Levy (continued)

The current State funding formulas are summarized as follows:

- Tier I of the funding formula allots an amount per student (\$6,160 for 2020-21) to each school district based on average daily attendance (ADA) with additional weight given for special programs. From the total Tier I allotment, a deduction is made for the local district's share based on the individual district's property tax base multiplied by the compressed tax rate per \$100 of assessed taxable property value. Alief ISD's compressed tax rate for 2020-21 is \$0.8907. The remainder after subtracting the local share represents the State's share of Tier I funding. Under this methodology, a district's wealth factors significantly into its share of state funding. The higher the wealth per student, the higher the proportional deduction from the Tier I total.
- Tier II of the formula rewards the tax effort of a district by guaranteeing that tax effort in the current year, beyond the required local share of Tier I, will yield a minimum amount of money per weighted student in average daily attendance (WADA). In Tier II, for the first 8 pennies of tax above the compressed rate (called Golden Pennies), the State will subsidize tax receipts as needed to produce a guaranteed level of revenue per student per penny of property tax levy. The guaranteed yield for Golden Pennies is set at 160% of the basic allotment - \$98.56 for 2020-21. Any additional pennies above the compressed rate (\$0.8907) plus the 8 Golden Pennies are called Copper Pennies and generate the second level of Tier II funding (\$0.0291 in Alief). The yield on Copper Pennies is currently \$49.28.
- In summary, State formula funding would have decreased by \$8.1 million from 2019-20 to 2020-21 without any ESSER funding. However, with the reduction of state funding in both years for hold harmless utilizing federal Elementary and Secondary School Emergency Relief (ESSER) Funds, the net result was a general fund state formula funding decrease of \$18.9 million.

Each 1% salary increase costs the district approximately \$2.5 million. The additional funding for school districts that was approved during the 2019 Legislative session required 30% to be allocated to salaries and 75% of the 30% must be spent to increase compensation for teachers, nurses, librarians and counselors. There was an additional requirement to differentiate pay for teachers with 6+ years while also providing additional compensation for those newer to the profession. For 2019-20, the District provided a 6% raise on midpoint for all employees. Teachers with 1-5 years of experience received \$500 plus the standard 6% increase (6.83% of midpoint), and teachers with 6+ years of experience received \$1,500 plus the standard 6% (8.49% of midpoint). The total cost of this raise was budgeted at \$20.7 million. Fortunately, the raise in 2019-20 was significant because in 2020-21, Alief was not able to recommend a raise due to the uncertainty surrounding the upcoming year.

The general fund tax rate adopted by the Board for 2008-09 was \$1.125 which exceeded the rollback tax rate and required a voter election. The voters approved this rate at the election held on November 20, 2008. The general fund tax rate remained at this level through 2018-19. HB 3 required a reduction in local general fund tax rates as described above. In Alief, the rate was reduced from \$1.125 to \$1.0391 for 2019-20. Rates were again compressed in 2020-21 to \$0.9998. There was no change in the general fund tax rate in 2021-22.

Fund Balance

- General Fund – The District strives to maintain a general fund balance equal to approximately two months of operating expenditures.
- Debt Service Fund – The District strives to maintain a debt service fund balance (excluding the reserve funds for the Qualified School Construction Bonds) of not more than 1/12 of the preceding year's required principal and interest payments for all outstanding bonds.
- Food Service Program – The fund balance for food service should not exceed three months of average food service operating expenditures.

Factors Affecting Economic Condition and Planning (continued)

Long Range Planning

Annually the District prepares a Long Range Plan. The Long Range Plan includes historical information, a detailed review of current status and projections for the next five years. The Plan focuses on three major areas - enrollment projections, facilities planning and the financial forecast for the debt service fund. Input is gathered from a variety of internal and external sources - staff regarding requirements, needs and initiatives anticipated, outside demographers who assist with enrollment projections and consultants who assess facilities. This plan is presented to the Board annually and is the starting point for the subsequent year budget preparation process as enrollment projections are the key factor in determining revenue estimates and staffing needs. Additionally, this plan serves as a tool to assist in planning for the District's bond program as discussed in the following section.

The District continuously develops both short-term and long-term budget priorities based on the schedule for facilities renovations, projected enrollment and projected funding levels based on current law. The Long Range Plan is dynamic and is updated and refined at least on an annual basis with the most current data available. Annual evaluation of the Long Range Plan ensures that short-term financial decisions are made only after careful consideration of the long-term financial consequences.

Major Initiatives and Accomplishments

The 2020-21 financial structure of the Alief Independent School District provided support to work toward or accomplish the following goals:

- Prepare all students for success in one or more post-secondary opportunities: technical institutions or workforce programs, two-year colleges, four-year colleges or universities, military, and workforce readiness.
- Developing early childhood programs that result in more Pre-K student cohorts reading on grade level by the third grade.
- Implement Continuous School Improvement Strategies with the Effective School Framework to address causes of low or underperformance in schools.
- Ensure all district policies and actions are taken through the lens of and based on the principles of equity.
- Retention, recruitment, and compensation – this will include a broader implementation of possible differentiated pay scales for identified staff.

In an election on May 9, 2015, the voters approved a bond referendum totaling \$341.0 million. A community led Bond Steering Committee began meeting in the fall of 2014 and presented to the Alief School Board in February, 2015. Major projects include in this referendum are: a center for advanced careers, a multi-purpose center, a fine arts addition at Kerr High School, gymnasium additions at each middle school, facilities for Pre-K expansion, school buses, and other district renovations. The authorized \$341.0 million was planned to be issued over 6 years starting 2016. The final installment was issued in May 2021, leaving no authorized but unissued debt at August 31, 2021.

However, another community led Bond Steering Committee began meeting virtually in January of 2021 and presented to the Alief Board of Trustees in July 2021. In August 2021, the Board voted to call a bond election for November 2021. The voters approved three propositions for \$513.1 million for general construction and technology equipment that will be issued in seven installments between 2022-2028.

The Texas Education Agency suspended accountability ratings again for the 2020-21 school year due to the pandemic. STAAR was not administered in 2019-20 and STAAR testing was optional for students in 2020-21 (districts were required to offer the state assessments). Alief received a Not Rated: Declared State of Disaster label for the 2020-2021 school year.

Awards and Acknowledgements

For the 2018-19 accountability ratings from the Texas Education Agency (TEA), Alief received an overall grade of a B with a score of 85, and 90% of our campuses received A's, B's, or C's from the new accountability system. Among the campuses, Alief Early College High School, Kerr High School, Albright Middle School, and Miller Intermediate School were awarded an overall rating of A. 51% of Alief campuses were awarded one or more Distinction Designations. Budewig Intermediate School met all eligible Distinction Designations in the accountability system. TEA awards these distinctions in the areas of English language arts, math, science, social studies, closing the gap, academic growth, and post-secondary readiness. Alief schools earned 71 distinctions from the TEA.

The District has been named one of Houston's Top Workplaces by the Houston Chronicle for the sixth consecutive year since 2016.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Alief Independent School District for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020. We believe that our current report continues to conform to the high standards of the certificate of excellence program, and we are submitting it to ASBO.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Alief Independent School District for its Annual Comprehensive Financial Report for the fiscal year ended August 31, 2020.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. District has participated in the programs for over 33 years.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

The District also received the ASBO's Meritorious Budget Award (MBA) for its annual budget document. In order to qualify for the budget award, the budget document was judged to be proficient in several categories as specified by the ASBO. Alief was recognized by the ASBO as one of 41 school districts nation-wide that have participated in the MBA program for more than 17 years. We did not participate in the MBA program for 2020-21 budget, but we applied and have already received the Meritorious Budget Award for our 2021-22 budget submission.

Alief is proud to have received for 19 consecutive years the highest rating under the Schools FIRST (Financial Integrity Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency. The primary goal of Schools FIRST is to ensure quality performance in the management of school districts' financial resources.

The State has launched the Texas Comptroller Leadership Circle program in 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency by posting the annual budget, the annual financial report, and the check register online to provide a clear and consistent picture of spending to the public. The public expectation for government transparency has changed dramatically since then which caused the State to launch a new Transparency Stars program in 2016. This new program recognizes local governments that go above and beyond previous standards for including downloadable datasets, visual representations of information, and bulleted lists of key figures. Alief ISD had been awarded transparency stars in Traditional Finances and Debt Transparency. The District has been practicing the recommended procedures long before the program was implemented and has received the awards for eleven consecutive years.

Awards and Acknowledgements (continued)

The financial management staff of the Alief Independent School District wishes to express its appreciation to the Board of Trustees for their concern in providing fiscal accountability to the patrons of the District and thereby contributing their full support in the development of one of the best educational financial operations within the State of Texas. The preparation of this report could not have been accomplished without the dedicated services of the District's Accounting Department as well as the technical support provided by the independent auditing firm of Whitley Penn, L.L.P. Sincere appreciation is extended to those personnel who assisted and contributed to the preparation of the Annual Comprehensive Financial Report.

Sincerely,



Mr. HD Chambers
Superintendent



Mr. Charles Woods
Deputy Superintendent of Business Services



Ms. Deanna Wentz
Assistant Superintendent of Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Alief Independent School District

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended August 31, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Alief Independent School District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2020

Christopher P. Morill

Executive Director/CEO

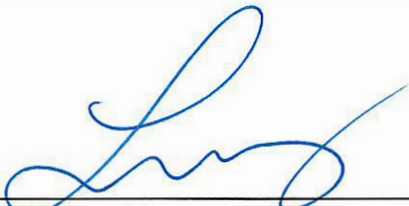
CERTIFICATE OF BOARD

Alief Independent School District
Name of School

Harris
County

101-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 18th day of January, 2022.



Signature of Board Secretary

Signature of Board President

Financial Section

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Alief Independent School District
Houston, Texas

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 Alief Independent School District (the “District”) as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information (as listed in the accompanying table of contents) and other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was 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 other supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 18, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Whitley Penn LLP

Houston, Texas
January 18, 2022

Management's Discussion and Analysis

In this section of the annual comprehensive financial report, we offer readers of the District's financial statements a narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditors' report and the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$63,646,477 (net position).
- The District's net position increased \$17,055,555 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$244,448,045. Approximately 35% of this total amount, \$84,869,263, is available for spending at the government's discretion (unassigned fund balance).
- The combined ending fund balances for the District's governmental funds increased by \$42,168,480.
- The General Fund ended the year with an unassigned fund balance of \$84,869,263 or 20% of the total general fund expenditures, a 6% increase from prior year.

Overview of the Financial Statements

This annual report consists of a series of financial statements plus additional supplemental information as required by its state oversight agency, the Texas Education Agency (TEA). The District's basic financial statements consist of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and the statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters.

The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year, with the difference among these elements reported as *net position*. This difference is similar to the total owner's equity presented by a commercial enterprise. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To fully assess the overall health of the District, however, other factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's capital assets.

The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received for summer school and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds, and revenues provided by the taxpayers or by TEA in the equalization funding processes (general revenues). Although the statement of activities looks different from a commercial enterprise's income statements, the financial statement is different only in format, not substance.

The District has no component units for which it is financially accountable.

Management's Discussion and Analysis (continued)

Overview of the Financial Statements (continued)

Fund Financial Statements

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds – not the District as a whole. For governmental activities, these statements tell how services were financed in the short term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or outside parties and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Laws and contracts require the District to establish some funds, such as the debt service fund. The District's administration establishes other funds to help it control and manage money for particular purposes.

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

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in fund financial statements for the general fund, special revenue fund, debt service fund, and capital projects fund. These funds are all considered major funds. The District adopts an annual appropriated budget for its general fund, food service program within the special revenue fund, and debt service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary funds – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types – enterprise and internal service funds. The enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. In the enterprise fund, the District would charge outside customers a fee for services the District provides. The District has no business-type activities or enterprise funds. The internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded insurance programs.

Management's Discussion and Analysis (continued)

Overview of the Financial Statements (continued)

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The district is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the basic financial statements

The notes to the financial statements (starting on page 38) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

The District's overall financial position and operations for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$63,646,477. Net Investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding is \$289,308,633. Although the District's debt issuances are used primarily to acquire capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (approximately 48%) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position reflects a deficit of \$256,374,627. Although the District reports a deficit, the deficit is primarily due to the implementation of the Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* in 2017-18. The implementation of GASB No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively. However, it has resulted in the restatement of the District's beginning net position for the fiscal year 2018 government-wide financial statements to reflect the reporting of net OPEB liability and deferred outflows of resources for its OPEB plan and the recognition of OPEB expense in accordance with the provisions of the Statement. The total district liability is reported in the governmental activities but the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the Required Supplementary Information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors. The increase of \$13.2 million in unrestricted net position relates to the changes in the District's proportionate share of the deferred outflows/inflows from pension and OPEB activities and net pension and net OPEB liabilities.

The changes in deferred outflows/inflows from pension and OPEB activities are attributable to the changes in actuarial assumptions and the change in the District's proportionate share of the plans. Refer to Notes 11 and 12 for more information.

The increase of \$3,062,461 in net investment in capital assets directly relates to the bonds issued according to the 2015 bond referendum, which also caused the net increase in bonds payable and increase in cash and cash equivalents and capital assets.

Management's Discussion and Analysis (continued)

Net Position Summary

	Governmental Activities		
	August 31, 2021	August 31, 2020	Increase (Decrease) Amount
Cash and cash equivalents	\$ 252,483,813	\$ 207,434,132	\$ 45,049,681
Investments	21,134,877	51,285,187	(30,150,310)
Receivables	71,408,598	42,029,388	29,379,210
Inventories, at cost	1,766,389	1,340,452	425,937
Prepaid items	156,377	1,049,750	(893,373)
Capital assets, net of accumulated depreciation	571,402,735	552,146,862	19,255,873
Total assets	918,352,789	855,285,771	63,067,018
Deferred loss on refunding	-	1,925,884	(1,925,884)
Deferred outflow s from pension activities	62,181,109	80,184,601	(18,003,492)
Deferred outflow s from OPEB activities	22,807,101	25,907,149	(3,100,048)
Total deferred outflows of resources	84,988,210	108,017,634	(23,029,424)
Accounts payable	15,299,849	28,389,950	(13,090,101)
Interest payable	570,390	516,248	54,142
Payroll deductions	3,703,247	3,680,140	23,107
Accrued wages payable	21,417,203	26,931,394	(5,514,191)
Due to other governments	32,216,566	18,424,966	13,791,600
Unearned revenue	367,283	499,802	(132,519)
Bonds payable	384,805,007	346,612,378	38,192,629
Claims payable	6,850,643	3,954,056	2,896,587
Compensated absences	5,984,654	6,217,816	(233,162)
Net pension liability	165,118,434	164,843,644	274,790
Net OPEB liability	151,541,590	191,398,931	(39,857,341)
Total liabilities	787,874,866	791,469,325	(3,594,459)
Deferred gain on refunding	171,354		171,354
Deferred inflow s from pension activities	30,708,070	35,072,793	(4,364,723)
Deferred inflow s from OPEB activities	120,940,232	90,306,237	30,633,995
Total deferred inflows of resources	151,819,656	125,379,030	26,440,626
Net position:			
Net investment in capital assets	289,308,633	286,246,172	3,062,461
Restricted	30,712,471	29,910,008	802,463
Unrestricted	(256,374,627)	(269,701,131)	13,326,504
Total net position	\$ 63,646,477	\$ 46,455,049	\$ 17,191,428

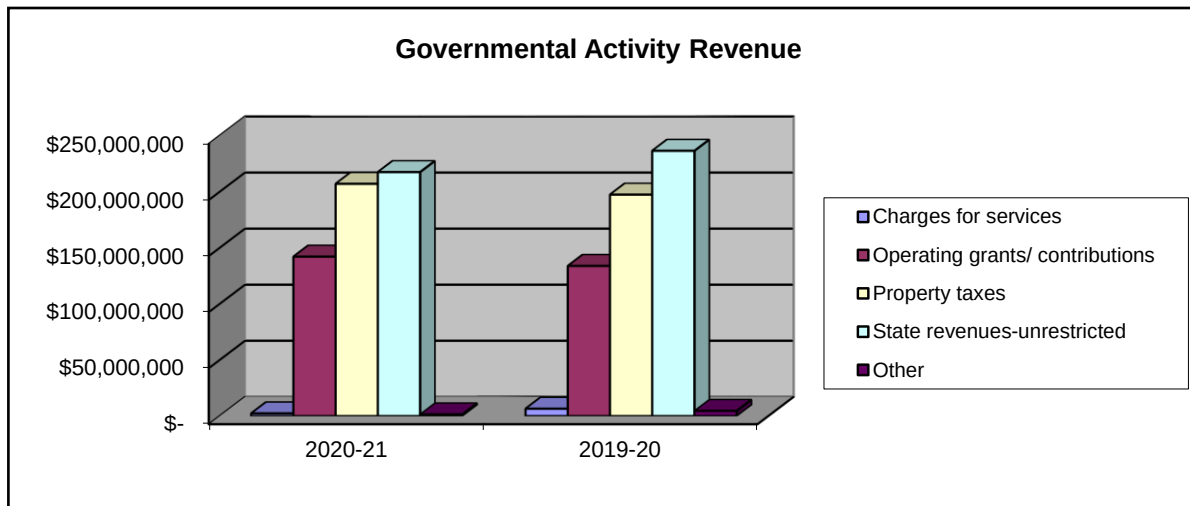
Management's Discussion and Analysis (continued)

Changes in Net Position

	Governmental Activities		
	August 31, 2021	August 31, 2020	Increase (Decrease) Amount
Revenues			
Program revenues:			
Charges for services	\$ 2,342,858	\$ 6,498,551	\$ (4,155,693)
Operating grants/contributions	142,103,301	133,838,968	8,264,333
General revenues:			
Property taxes	207,035,485	197,403,285	9,632,200
State aid - not restricted to specific programs	217,487,972	236,501,649	(19,013,677)
Other	1,428,215	4,561,544	(3,133,329)
Total revenues	570,397,831	578,803,997	(8,406,166)
Expenses			
Instruction and instructional related services	353,474,616	387,484,426	(34,009,810)
Instructional/school leadership	37,930,842	39,986,595	(2,055,753)
Support services - student	80,152,380	89,478,835	(9,326,455)
Administrative support services	15,795,407	13,673,857	2,121,550
Support services - non-student based	49,878,786	55,537,503	(5,658,717)
Ancillary services	3,882,190	3,732,839	149,351
Debt service	10,107,477	9,157,802	949,675
Intergovernmental charges	2,120,578	2,409,801	(289,223)
Total expenses	553,342,276	601,461,658	(48,119,382)
Change in net position	17,055,555	(22,657,661)	39,713,216
Net position - beginning	46,455,049	69,112,710	(22,657,661)
Prior period adjustment	135,873		135,873
Net position - ending	\$ 63,646,477	\$ 46,455,049	\$ 17,191,428

Management's Discussion and Analysis (continued)

Governmental activities. Net position of the District's governmental activities increased \$17,191,428. The total cost of all governmental activities this year was \$553,342,276, a decrease of \$48,119,382 from previous year. The amount that the District's taxpayers paid for these activities through property taxes was \$207,035,485 or 37% of the total cost, a 4% increase from the prior year.



Significant changes in revenues and expenses include:

- Revenues decreased by \$8.4 million for the fiscal year ended August 31, 2021 mainly due to state aid. The decrease in state aid was offset some by increases in both property taxes and operating grants. The decrease was related to the enrollment decrease caused by the COVID-19 pandemic.
- The increase of \$9.6 million in property tax revenue is due to an increase of 8.0% in property values, the effect of which was offset some by a decrease in the maintenance and operations portion of the tax rate.
- The decrease of \$48.1 million in functional expenses is due to many factors. The pandemic caused many positions to remain vacant, and with the pandemic related enrollment decline, a hiring freeze was put into place. \$5.3M of the decrease is a reduction in the salary wage accrual related to a later school start date. Additional decreases from the previous year were technology and hotspot purchases for remote learning that were one time purchases in 2019-20. The service plans for the hotspots are treated as a utility costs which is the decrease in the functional category support services – non-student based. Support services – student based includes both transportation and food service. With remote learning to start the year and then a combination in person and remote learning for the majority of the year, expenditures in these categories for overtime, gasoline and food purchases were much lower. Also, the hold harmless funding ESSER funding was approximately \$11 more in 2020-21, so an additional \$11 million of general fund expenditures were reclassified to federal funds.
- 64% of the District's expenses were expended for instruction and instructional related services, which is approximately the same as last year. About 85% of the District's expenses were for direct student based services.
- Total expenses above include depreciation of \$21.8 million. Capital outlay of \$41.3 million is not included in the above total expenses. In the government-wide financial statements, capital outlay is shown as an increase in the capital assets reported on the statement of net position and depreciation expense is recorded in the statement of activities in order to spread recognition of the cost of capital assets over their useful lives.

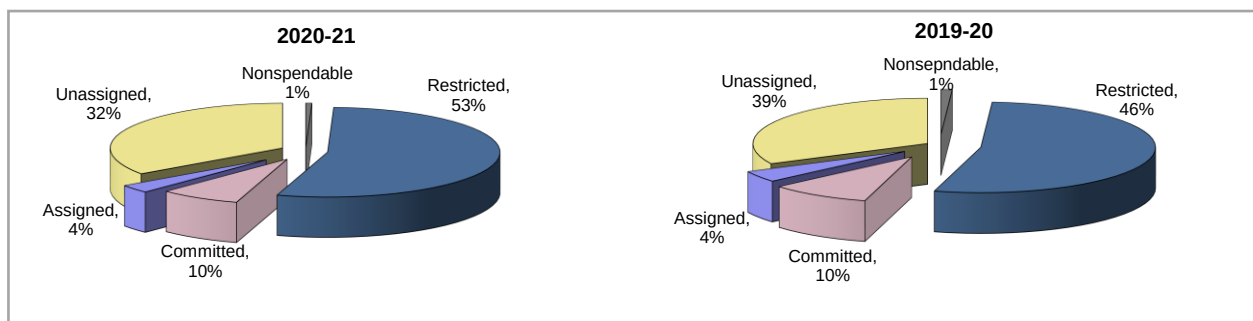
Management's Discussion and Analysis (continued)

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances 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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$244,448,045, an increase of \$42,304,353 from last year. Approximately 35% of the total amount, \$84,869,263, constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned for particular purposes as follows: 1) nonspendable for inventories \$1,396,988; 2) restricted for debt service \$28,671,541, food service \$814,273, and capital acquisitions and contractual obligations \$102,882,259; 3) committed for capital improvement to facilities \$8,758,510, technology equipment and bus replacement \$3,500,000, self-funded insurance \$3,000,000, potential federal sequestration \$1,500,000, and campus activities \$1,796,387; 4) assigned for outstanding encumbrances \$1,274,170 and compensated absences \$5,984,654.



The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$84,869,263, while the total fund balance was \$109,025,075. The fund balance of the general fund increased \$17.9 million from the previous year. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to the total fund expenditures. Unassigned fund balance represents 20% of the total general fund expenditures, a 6% increase from the previous year.

The adopted budget was for a surplus of \$4.0 million. Expenditures were significantly under budget due to modified operations of both virtual and in person learning and the hiring freeze put into place due to the decline in enrollment. There were cost savings in many areas such as substitutes and transportation (driver overtime and gasoline). These savings helped offset some of the increases in expenditures due to the pandemic for items such as cleaning supplies and staff who provided COVID testing. Also, the school start date was moved back a week in August 2021 (following an early start date in 2020), which resulted in a \$5.3 million decrease to the wage accrual. Local revenues were \$4.1M less than the original budget due to a reduction in property values following budget adoption and a reduction in interest income. The general fund portion of the tax rate was \$.9998 for 2020-21, a decrease of \$.0393 from the 2019-20 rate.

Management's Discussion and Analysis (continued)

Financial Analysis of the District's Funds (continued)

State revenue is largely based on enrollment and average daily attendance both of which had significant declines due to the pandemic. To offset enrollment reductions seen statewide, the Texas Education Agency provided a hold harmless provision utilizing a portion of ESSER II funding – approx. \$27.37M for Alief. After the budget was adopted, the District applied for federal reimbursement of \$6M for COVID related expenditures in 2019-20. This is recorded as federal revenue in 2020-21 and offset reductions for SHARS billings due to being partially virtual. The combined effect of all these things contributed to the significant increase in fund balance.

When school abruptly closed on March 12, 2020, the food service department was impacted as much as any campus/department in the District. They quickly transitioned to serving meals curbside to provide food to the thousands of families that depend on these meals. In 2020-21, they continued serving meals curbside to those who chose to attend virtually and to students attending schools in person while managing staffing shortages due to vacancies and quarantine. The modified operations had a significant financial impact on 2020-21 revenues, expenditures, and fund balance. The number of meals served dropped considerably resulting in a revenue loss of approximately \$9.8 million. This included \$3.2M in Emergency Funding received in 2020-21 for lost federal reimbursement during the 2019-20 total closure. During the year, supply costs were less due to less meals being served, but all employees continued to receive regularly scheduled payroll. Food service fund balance at the end of 2020-21 was \$814,273, a decrease of \$986K from the previous year. The fund balance for food service should not exceed three months of average food service operating expenditures. The fund balance at year-end is well below three months of average food service operating expenditures due to two years of losses totaling \$4.5 million.

The debt service fund balance increased to \$28,671,541 that is reserved for the payment of debt service. The debt service portion of the tax rate was \$0.205 for 2020-21, no change from the 2019-20 rate. Projections prepared for the Bond Steering Committee and Board of Trustees, and widely publicized prior to the 2015 bond referendum indicated that the anticipated impact of issuing the \$341 million in new debt is a projected tax rate increase of 8.5 cents over 6 years. The actual increase will be less than projected at 6.5 cents. Even with these rate increases, the District still has one of the lowest debt service tax rates in Harris County. The fund balance (net of reserve accounts for the Qualified School Construction Bonds (QSCB)) is slightly above the District's benchmark of 1/12th of the preceding year's expenditures. The District intends to utilize this reserve in coming years in order to minimize the impact on the tax rate from the 2021 bond referendum.

Fund balance for the capital projects fund at August 31, 2021 was \$104,140,769. As a result of unspent bond proceeds in previous years, the fund began the year with \$80,462,081 in fund balance. The Board approved an issuance of schoolhouse bonds with principal of \$57.8 million. The District spent \$41.5 million in the current year on various projects. The remaining fund balance is for future projects, including Pre-K Facilities and various improvement projects throughout the District as outlined in the District's Long-Range Plan for facilities.

Proprietary Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The internal service fund is used to account for District's self-funded insurance programs. The health insurance fund experienced an increase of \$1,572,932 in net position resulting in a balance of \$9,411,790 at August 31, 2021. The increase was primarily due to the reclassification of \$2.8M in COVID related health claims to ESSER funds. The worker's compensation fund's net position increased by \$825,337 resulting in an ending balance of \$1,515,602. This was a budgeted increase, and the District plans to utilize a portion of this fund balance in 2021-22 with a budgeted reduction in interfund revenue.

Management's Discussion and Analysis (continued)

General Fund Budgetary Highlights

Over the course of the year, District personnel recommended, and the Board of Trustees approved, several revisions to budgeted revenues and appropriations. Revisions to the revenue budget were necessary due to changes in estimates for local and state revenue. Revisions to appropriations were necessary due to changes in spending needs over the course of the year primarily due to the pandemic, reduced enrollment, and other unexpected occurrences.

The District's major budget amendments during the year are summarized as follows:

- Early in the year, the expenditure budget was increased for \$500K for technology related expenditures due to starting the school remote for all students.
- The expenditure budget was increased \$4.0 million for increased health insurance claims. The general fund has to cover the shortage when claims exceed interfund charges.
- The expenditure budget was increased \$518K for an increase in property insurance premiums.
- The expenditures budget was decreased at year-end by \$10.1M based on projections. This was primarily due to payroll expenditures that were lower due to staffing shortages and other savings due to modified operations.
- The revenue budget was also amended during the year based on modified projections: a \$2.8 million decrease to local revenue primarily due to property value reduction after budget adoption and a reduction in interest income; a \$2.4 million decrease in state revenue which is the net of a reduction in state aid and an increase to TRS on-behalf; and a \$1.0 million increase to federal revenue – the net of an increase for federal COVID reimbursement grants and a reduction to SHARS revenue.
- The other financing uses budget was increased by \$1M in the event that the food service fund ended the year with a loss resulting in negative fund balance. However, as more students returned to school in person, federal revenue reimbursement increased and this transfer was not necessary.

After revenue budgets and appropriations were adjusted as described, the District's general fund balance of \$109,025,075 differs from the final budgetary fund balance of \$94,985,693 reported in the budgetary comparison schedule. Like last year, this year was difficult to project and prepare budget amendments due to the unprecedented nature of the pandemic, modified operations, and the uncertainty of many estimates. The significant variance in final budgeted revenues and expenditures to actual is the \$27.3M of revenue and expenditures that were reclassified to ESSER for hold harmless at year-end. The exact amount of hold harmless was unknown until after year-end, so the budget was not adjusted. The remainder of the expenditure variance (\$12.5 million) is due to expenditures that were less than final budgeted amounts. Various expenditure categories came in under the adjusted budget, including payroll (\$0.7 million), contracted services (\$3.6 million), utilities (\$0.9 million), gasoline (\$0.3 million), instructional supplies and materials (\$5.0 million), and travel for students and staff (\$1.2 million).

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of August 31, 2021 amounts to \$571,402,735 (net of accumulated depreciation of \$440,025,060). This investment in capital assets includes facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The net increase in the District's investment in capital assets for the current year was \$19,255,873. Additional information on the District's capital assets can be found in the notes to the financial statements.

Management's Discussion and Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Asset Summary

	Governmental Activities	
	August 31, 2021	August 31, 2020
Land	\$ 74,642,474	\$ 74,485,352
Buildings and improvements	439,904,864	410,876,365
Furniture and equipment	23,451,717	25,774,235
Construction in progress	33,403,680	41,010,910
Total capital assets (net of depreciation)	\$ 571,402,735	\$ 552,146,862

Debt

At year-end, the District has the following long-term liabilities:

	Governmental Activities	
	August 31, 2021	August 31, 2020
General Obligation Bonds	\$ 384,805,007	\$ 346,612,378
Compensated Absences	5,984,654	6,217,816
Claims Payable	6,447,899	3,954,056
Net Pension Liability	165,118,434	164,843,644
Net OPEB Liability	151,541,580	191,398,931
Totals	\$ 713,897,574	\$ 713,026,825

Bonded Debt – The District’s bonded debt increased by \$38.2 million at year-end. The District retired \$24,035,000 and issued \$59,195,000 in unlimited tax schoolhouse and refunding bonds. Of which, \$57,835,000 was for schoolhouse bonds approved by the voters in the 2015 bond referendum. The other \$1,360,000 was in unlimited tax refunding bonds to refund \$1,490,000 of Series 2012A bonds.

The ratio of net general bonded debt to assessed valuation is a useful indicator of the District’s debt position. This data for the past 10 years is presented in the statistical section.

On April 2, 2019, Moody’s downgraded the District’s underlying rating from “Aa1” to “Aa2” and assigned a stable outlook, mainly due to recent reserve declines. However, the municipal rating of “AAA” on the District’s bonds reflected the Texas Permanent School Fund (PSF) guarantee.

Pension – The District experienced a \$275K increase in its portion of the TRS net pension liability.

OPEB – District’s portion of the net OPEB liability decreased by \$39.9 million from the prior measurement period.

More detailed information about the District’s long-term liabilities is presented in the notes to the basic financial statements.

Management's Discussion and Analysis (continued)

Economic Factors and Next Year's Budgets and Rates

As part of the budget development process, the District's management has taken into consideration the factors that drive school district budgets: enrollment, property value, state funding, facility needs, and the economy. The District's elected and appointed officials considered these and other factors when setting the fiscal year 2022 general fund budget and tax rate. The adopted budget is based on the following significant assumptions:

- In 2020-21, enrollment decreased by 3,561 (7.8%). The projection for 2021-22 is 43,133, an increase of 1,002 from 2020-21 based on the assumption that normal operations will resume and a portion of the students will return. Further analysis and detailed enrollment projections by grade level can be found in the District Long-Range Plan document that is updated and reviewed with the Board of Trustees in February of each year.
- General fund revenues are budgeted to increase \$26.0 million compared to the final 2020-21 general fund revenues. However, this is because general fund state revenue in 2020-21 was reduced by an amount equal to the ESSER grant. In actuality, revenues are budgeted to decrease \$1.3 million. This is the combination of a slight increase in local revenue due to a projected property value increase of 1.74% offset by a decrease in State revenue.
- The general fund expenditures for 2021-22 are budgeted at \$458.5 million, an increase of \$43.9 million from 2020-21 actual expenditures. Again, this number is distorted by the general fund expenditures that were reclassified at year-end to the ESSER grant. Expenditures are actually budgeted to increase \$16.6 million over current year actuals. This majority (\$10 million) of this increase is due to salary increases. The Board approved a 4% of the midpoint increase for all staff which is \$2,300 for teachers. Beginning teacher's salary was raised to \$59,700. The remainder of the increase is due to expenditures budgeted to increase as we return to normal operations in the same areas where we saw expenditure reductions in 2020-21.
- The education of students is a labor-intensive process and payroll expenditures comprise approximately 90% of the general fund budget. Although enrollment is projected to increase by approximately 1,000 students in 2021-22, it is still a decline of approximately 2,500 from 2020-21 budgeted levels. Therefore, enrollment-based staffing was decreased accordingly. Targeted increases were needed to for special education due to the growing number of students served. Dedicated substitute positions were added at each campus due to the shortage of available substitutes.
- Funding for student tutorials remains a priority; however, ESSER funding will be used in 2021-22 for supplemental pay for interventions and after school tutorial programs. ESSER funding will also be utilized for instructional technology rather than general fund.
- The tax rate was calculated after determining the necessary level of expenditures to meet District's educational goals and facility requirements and estimating State aid. Tax compression was mandated by the HB 3 in 2019, resulting in a general fund rate of \$1.0391 for 2019-20. The tax rate was compressed again for 2020-21 resulting in a general fund rate of \$0.9998. The rate remains unchanged for 2021-22. The debt service portion of the tax rate is \$0.205 for 2020-21, no change since 2017-18. The total tax rate is \$1.2048. The District continues to have one of the lowest debt service tax rates in Harris County.
- At the time of budget adoption in August of 2021, there was an expectation that things were slowly returning to "more normal" operations while some aspects of the pandemic still lingered. District officials are constantly monitoring the continual effects of the pandemic on both revenues and expenditures and amending the budget as needed.

Management's Discussion and Analysis (continued)

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show 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 Office of the Assistant Superintendent of Finance, Alief ISD, 4250 Cook Road, Houston, Texas, 77072.

Basic Financial Statements

Statement of Net Position
August 31, 2021

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 252,483,813
1120	Investments	3,510,242
	Receivables:	
1220	Property taxes	13,855,651
1230	Allowance for uncollectible taxes	(2,135,825)
1240	Due from other governments	56,820,927
1250	Accrued interest	72,190
1290	Other receivables	2,795,655
1300	Inventories, at cost	1,766,389
1410	Prepaid items	156,377
1910	Long-term investments	17,624,635
	Capital assets, net of accumulated depreciation	
1510	Land	74,642,474
1520	Buildings and improvements, net	439,904,864
1530	Furniture and equipment, net	23,451,717
1580	Construction in process	33,403,680
1000	Total Assets	918,352,789
	Deferred Outflows of Resources	
1705	Deferred outflows from pension activities	62,181,109
1706	Deferred outflows from OPEB activities	22,807,101
	Total Deferred Outflows of Resources	84,988,210
	Liabilities	
2110	Accounts payable	15,299,849
2140	Interest payable	570,390
2150	Payroll deductions and withholdings	3,703,247
2160	Accrued wages payable	21,417,203
2180	Due to other governments	32,216,566
2300	Unearned revenue	367,283
2501	Due within one year	
	Bonds payable	24,215,000
	Claims payable	6,051,425
	Compensated absences	1,123,049
2530	Due in more than one year	
	Bonds payable, net of premium	360,590,007
	Claims payable	799,218
	Compensated absences	4,861,605
2540	Net pension liability	165,118,434
2545	Net OPEB liability	151,541,590
2000	Total Liabilities	787,874,866
	Deferred Inflows of Resources	
2600	Deferred gain on refunding	171,354
2605	Deferred inflows from pension activities	30,708,070
2606	Deferred inflows from OPEB activities	120,940,232
	Total Deferred Inflows of Resources	151,819,656
	Net Position	
3200	Net investment in capital assets	289,308,633
	Restricted for:	
3820	Food Service	814,273
3850	Debt Service	29,898,198
3900	Unrestricted	(256,374,627)
	Total Net Position	\$ 63,646,477

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

Alief Independent School District

Exhibit B-1

**Statement of Activities
Year Ended August 31, 2021**

Data Control Codes	Functions/Programs	Expenses	Program Revenues		Net (Expense), Revenue and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	Primary Government
					Governmental Activities
	Government Activities:				
11	Instruction	\$ 336,694,839	\$ 2,279	\$ 92,016,575	\$ (244,675,985)
12	Instructional resources and media services	6,278,424		542,098	(5,736,326)
13	Curriculum & instructional staff development	10,501,353		5,025,533	(5,475,820)
21	Instructional leadership	7,252,395		1,702,568	(5,549,827)
23	School leadership	30,678,447		2,441,248	(28,237,199)
31	Guidance, counseling, & evaluation services	24,339,175		2,370,074	(21,969,101)
32	Social work services	892,728		511,198	(381,530)
33	Health services	7,470,763		3,996,720	(3,474,043)
34	Student transportation	18,561,258	2,287	2,805,095	(15,753,876)
35	Food services	21,155,713	107,937	18,658,062	(2,389,714)
36	Extracurricular activities	7,732,743	1,174,248	2,363,414	(4,195,081)
41	Administrative and support services	15,795,407		5,500,790	(10,294,617)
51	Facilities maintenance and operations	38,798,840	229,203	1,358,254	(37,211,383)
52	Security and monitoring services	7,069,335	489,185	563,818	(6,016,332)
53	Data processing services	4,010,611		205,774	(3,804,837)
61	Community services	3,882,190	337,719	999,140	(2,545,331)
72	Interest on long-term debt	10,107,477		1,042,940	(9,064,537)
93	Payments to fiscal agent	583,740			(583,740)
95	Payments to JJAEP	34,049			(34,049)
99	Payments to appraisal district	1,502,789			(1,502,789)
TG	Total governmental activities	<u>553,342,276</u>	<u>2,342,858</u>	<u>142,103,301</u>	<u>(408,896,117)</u>

**Data
Control**

Codes General revenues:

MT	Property taxes, levied for general purposes	171,810,375
DT	Property taxes, levied for debt service	35,225,110
SF	State aid - not restricted to specific programs	217,487,972
IE	Investment earnings	235,490
MI	Miscellaneous revenue	<u>1,192,725</u>
TR	Total general revenue	<u>425,951,672</u>
CN	Change in net position	17,055,555
	Net position - beginning	46,455,049
	Prior period adjustment	135,873
	Net position - ending	<u>\$ 63,646,477</u>

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

Alief Independent School District

Exhibit C-1

**Balance Sheet - Governmental Funds
August 31, 2021**

Data Control Codes		General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets						
1110	Cash and cash equivalents	\$ 118,255,329	\$ 3,352,206	\$ 110,072,575	\$ 6,439,548	\$ 238,119,658
1120	Current investments				3,510,242	3,510,242
	Receivables:					
1220	Property taxes	11,732,805			2,122,846	13,855,651
1230	Allowance for uncollectible taxes	(1,810,026)			(325,799)	(2,135,825)
1240	Due from other governments	325,654	55,588,525		906,748	56,820,927
1250	Accrued interest				72,190	72,190
1260	Due from other funds	54,747,706			118,178	54,865,884
1290	Other receivables	193,243	5,000			198,243
1310	Inventories, at cost	1,396,988	369,401			1,766,389
1410	Prepaid assets	156,377				156,377
1910	Long-term investments				17,624,635	17,624,635
1000	Total Assets	\$ 184,998,076	\$ 59,315,132	\$ 110,072,575	\$ 30,468,588	\$ 384,854,371
Liabilities						
2110	Accounts payable	\$ 6,303,836	\$ 1,079,766	\$ 5,931,806		\$ 13,315,408
2150	Payroll deductions and withholdings	3,703,247				3,703,247
2160	Accrued wages payable	20,712,146	705,057			21,417,203
2170	Due to other funds	2,919,087	54,747,706			57,666,793
2180	Due to other governments	32,216,566				32,216,566
2300	Unearned revenue	195,340	171,943			367,283
2000	Total Liabilities	66,050,222	56,704,472	5,931,806	-	128,686,500
Deferred Inflows of Resources						
2600	Unavailable revenue - property taxes	9,922,779			1,797,047	11,719,826
	Total Deferred Inflows of Resources	9,922,779			1,797,047	11,719,826
Fund Balances						
	Nonspendable:					
3410	Nonspendable - inventories	1,396,988				1,396,988
	Restricted:					
3450	Restricted - grant funds		814,273			814,273
3470	Restricted - capital acquisitions and contractual obligations			102,882,259		102,882,259
3480	Restricted - debt service				28,671,541	28,671,541
	Committed:					
3510	Committed - construction	7,500,000		1,258,510		8,758,510
3530	Committed - equipment	3,500,000				3,500,000
3540	Committed - self-insurance	3,000,000				3,000,000
3545	Committed - other	1,500,000	1,796,387			3,296,387
	Assigned:					
3590	Assigned - other	7,258,824				7,258,824
3600	Unassigned	84,869,263				84,869,263
3000	Total Fund Balances	109,025,075	2,610,660	104,140,769	28,671,541	244,448,045
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 184,998,076	\$ 59,315,132	\$ 110,072,575	\$ 30,468,588	\$ 384,854,371

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

Alief Independent School District

Exhibit C-2

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position August 31, 2021

Total fund balances - governmental funds balance sheet	\$ 244,448,045
Amounts reported for governmental activities in the statement of net position are different because:	
The District uses the internal service fund to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	10,927,392
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of these assets is \$1,011,427,795 and the accumulated depreciation is \$440,025,060 resulting in a net addition to net position.	571,402,735
In addition, long-term liabilities including bonds payable (\$351,352,000), are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds, resulting in a net decrease to net position.	(351,352,000)
Property taxes receivable and the penalty and interest will be collected in the future, but are not available soon enough to pay for the current period's expenditures. These receivables are deferred inflows of resources in the fund financial statements.	11,719,826
Long term liabilities for compensated absences are not included in the fund liabilities which decrease the net position on the government-wide basis.	(5,984,654)
Deferred gain on refunding	(171,354)
Deferred outflows/inflows from pension activities represents a consumption (\$62,181,109) or an acquisition (\$30,708,070) of net position that applies to a future period(s) and will not be recognized as an outflows/inflows of resources until then.	31,473,039
Deferred outflows/inflows from OPEB activities represents a consumption (\$22,807,101) or an acquisition (\$120,940,232) of net position that applies to a future period(s) and will not be recognized as an outflows/inflows of resources until then.	(98,133,131)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing the liabilities of (\$570,390) associated with long-term debt interest, issuance premiums (\$33,453,007), net pension liability (\$165,118,434), and net OPEB liability (\$151,541,590).	(350,683,421)
Net Position of Governmental Activities	\$ 63,646,477

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

Alief Independent School District

Exhibit C-3

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended August 31, 2021**

Data Control Codes		General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues						
5700	Local sources	\$ 172,564,769	\$ 1,463,840	\$ 80,928	\$ 35,024,156	\$ 209,133,693
5800	State program revenues	244,824,270	4,175,859		234,827	249,234,956
5900	Federal program revenues	15,087,903	92,457,920		808,113	108,353,936
5030	Total Revenues	432,476,942	98,097,619	80,928	36,067,096	566,722,585
Expenditures						
Current:						
0011	Instruction	255,306,823	63,484,179			318,791,002
0012	Instructional resources and media services	5,408,422	185,906			5,594,328
0013	Curriculum & instructional staff development	5,430,276	4,663,751			10,094,027
0021	Instructional leadership	5,864,808	1,288,820			7,153,628
0023	School leadership	29,506,000	367,871			29,873,871
0031	Guidance, counseling, & evaluation services	22,911,470	914,627			23,826,097
0032	Social work services	402,206	482,104			884,310
0033	Health services	7,111,347	192,755			7,304,102
0034	Student transportation	16,074,084	51,676			16,125,760
0035	Food services	118,628	19,784,966			19,903,594
0036	Extracurricular activities	3,795,058	3,209,260			7,004,318
0041	Administrative and support services	9,255,429	2,986,350			12,241,779
0051	Facilities maintenance and operations	36,870,344	513,919			37,384,263
0052	Security and monitoring services	6,948,071	196,683			7,144,754
0053	Data processing services	3,683,861		33,306		3,717,167
0061	Community services	3,013,467	825,405			3,838,872
Debt service:						
0071	Debt service - principal on long-term debt				22,545,000	22,545,000
0072	Debt service - interest on long-term debt				11,851,179	11,851,179
0073	Bond issuance costs and fees			442,693	1,533,632	1,976,325
Capital outlay:						
0081	Facilities acquisition and construction	752,956		41,035,250		41,788,206
Intergovernmental charges:						
0093	Payments to shared services arrangements	583,740				583,740
0095	Payments to Juvenile Justice Alt. Ed. Prog.	34,049				34,049
0099	Payments to appraisal district	1,502,771				1,502,771
6050	Total Expenditures	414,573,810	99,148,272	41,511,249	35,929,811	591,163,142
1100	Excess (Deficiency) of Revenues Over Expenditures	17,903,132	(1,050,653)	(41,430,321)	137,285	(24,440,557)
Other Financing Sources						
7911	Capital-related debt issued (general obligation bonds)			57,835,000		57,835,000
7901	Refunding bonds issued				1,360,000	1,360,000
7916	Premium on issuance of bonds			7,274,009	140,028	7,414,037
	Total Other Financing Sources			65,109,009	1,500,028	66,609,037
1200	Net Change in Fund Balances	17,903,132	(1,050,653)	23,678,688	1,637,313	42,168,480
0100	Fund balances - September 1 (beginning)	91,121,943	3,525,440	80,462,081	27,034,228	202,143,692
	Prior Period Adjustment - Implement GASB 84		135,873			135,873
3000	Fund Balances - August 31 (ending)	\$ 109,025,075	\$ 2,610,660	\$ 104,140,769	\$ 28,671,541	\$ 244,448,045

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

Alief Independent School District

***Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended August 31, 2021***

Net change in fund balances - total governmental funds	\$ 42,168,480
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
The District uses internal service funds to charge the costs of self insurance to appropriate functions in other funds. The net income/loss of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	2,398,269
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlay during the year increases net position.	41,312,262
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.	(21,782,802)
Repayment of bond principal (\$22,545,000) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	22,545,000
Current year proceeds from bond issuance are other financing sources in the fund financial statement, but should be shown as an increase in long-term debt in the government-wide statement.	(59,195,000)
Current year refunded bonds reduce long-term debt in the government-wide statement.	1,490,000
Property taxes and penalty and interest receivables at year end will not be collected for several months after the district's fiscal year ends, so they are not considered available revenues and are deferred in the governmental funds. Unavailable tax revenues increased by this amount this year and is an increase to net position.	1,134,040
Compensated absences (sick and vacation pay) are measured by the amounts earned during the year in the statement of activities. In the governmental funds, however the expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid or to be paid at year end for retiring employees.) This year vacation and sick leave paid out was more than the amounts earned, increasing net position.	233,161

Net change in fund balances - total governmental funds (continued)

An accrual for interest expense is not recognized in the governmental fund basis but is in the statement of activities. The interest accrual this year was more than last year thereby decreasing net position. (54,142)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Gain/loss on refunding	(2,097,238)
Bond premiums/discounts	(3,032,629)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the followings:

Deferred outflows decreased	(13,994,293)
Deferred inflows decreased	355,524
Net pension liability increased	(274,790)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the followings:

Deferred outflows decreased	(3,099,132)
Deferred inflows increased	(30,634,909)
Net OPEB liability decreased	39,857,341

Amounts recognized in the governmental fund basis and the statement of net position differ due to the sale or retirement of assets.	(273,587)
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Change in Net Position of Governmental Activities

\$ 17,055,555

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

Alief Independent School District

Exhibit D-1

**Statement of Net Position
Proprietary Funds
August 31, 2021**

Data Control Codes		Governmental Activities
		Internal Service Funds
Assets		
Current Assets:		
1110	Cash and cash equivalents	\$ 14,364,155
1260	Due from other funds	2,800,909
1290	Other receivables	<u>2,597,412</u>
	Total current assets	<u>19,762,476</u>
1000	Total Assets	<u>19,762,476</u>
Liabilities		
Current Liabilities:		
2110	Accounts payable	1,984,441
2200	Accrued expenses	<u>6,051,425</u>
	Total current liabilities	<u>8,035,866</u>
Noncurrent Liabilities		
2590	Claims payable	<u>799,218</u>
	Total noncurrent liabilities	<u>799,218</u>
2000	Total Liabilities	<u>8,835,084</u>
Net Position		
3900	Unrestricted net position	<u>10,927,392</u>
	Total Net Position	<u><u>\$ 10,927,392</u></u>

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

Alief Independent School District

Exhibit D-2

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended August 31, 2021**

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Funds</u>
	Operating Revenues	
5700	Local sources:	
5754	Interfund services provided	\$ 60,255,198
57XX	Other	<u>7,146,010</u>
5020	Total Operating Revenues	<u>67,401,208</u>
	Operating Expenses	
6200	Purchased and contracted services	3,738,897
6400	Claims expenses	57,808,591
6400	Other operating expenses	<u>3,462,811</u>
6030	Total Operating Expenses	<u>65,010,299</u>
1200	Operating Income	2,390,909
	Nonoperating Revenues	
7000	Interest income	<u>7,360</u>
	Total Nonoperating Revenues	<u>7,360</u>
1300	Change in Net Position	2,398,269
0100	Total Net Position - beginning	<u>8,529,123</u>
3000	Total Net Position - ending	<u><u>\$ 10,927,392</u></u>

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

Alief Independent School District

Exhibit D-3

***Statement of Cash Flows
Proprietary Funds
Year Ended August 31, 2021***

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash receipts from interfund services provided and used	\$ 60,255,198
Cash receipts from insurance reimbursements	5,653,958
Cash payments to vendors for goods and services	(6,304,163)
Cash payments for claims	(54,912,004)
Net Cash Provided by Operating Activities	4,692,989
Cash Flows (Used) by Noncapital Financing Activities	
Advances to Other Funds	(2,582,420)
Net Cash (Used) by Noncapital Financing Activities	(2,582,420)
Cash Flows from Investing Activities	
Interest on cash and investments	7,360
Net Cash Provided by Investing Activities	7,360
Net increase in cash and cash equivalents	2,117,929
Cash and cash equivalents - beginning of year	12,246,226
Cash and cash equivalents - end of year	\$ 14,364,155
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,390,909
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
(Increase) in other receivables	(1,492,052)
Increase in accounts payable	897,545
Increase in accrued expenses	2,493,843
Increase in noncurrent claims payable	402,744
Net Cash Provided by Operating Activities	\$ 4,692,989

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

Alief Independent School District

Exhibit E-1

Statement of Fiduciary Net Position
Custodial Fund
August 31, 2021

**Data
Control
Codes**

Assets		
1110	Cash and cash equivalents	<u>\$ 380,720</u>
Net Position		
3800	Restricted for student activities	<u>\$ 380,720</u>

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

Alief Independent School District

Exhibit E-2

**Statement of Changes in Fiduciary Net Position
Custodial Fund
Year Ended August 31, 2021**

Data Control Codes		
5700	Contributions	
5755	Revenues from Student Activities	<u>\$ 237,651</u>
	Total Contributions	<u>237,651</u>
6000	Deductions	
6399	Payments for Student Activities	<u>307,792</u>
	Total Deductions	<u>307,792</u>
	Change in Net Position	(70,141)
	Total Net Position - September 1 (Beginning)	-
	Prior Period Adjustment - Implement GASB 84	<u>450,861</u>
	Total Net Position - August 31 (Ending)	<u><u>\$ 380,720</u></u>

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

Note 1 – Summary of Significant Accounting Policies

The Alief Independent School District (the “District”) is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven member Board of Trustees elected to staggered four-year terms by the District’s residents.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in Statement on Auditing Standards of the American Institute of Certified Public Accountants; 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.

The following is a summary of the most significant policies:

A. Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. The Board of Trustees (the “Board”) is elected by the public and has 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 the Governmental Accounting Standards Board (GASB) in its Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*. The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

As required by U.S. generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District’s financial reporting entity. The District has implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB No. 39 to be included in the District’s financial statements. Therefore, there are no component units included within the reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other government or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities which rely on fees and charges for support.

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

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net position. In the government-wide statements, eliminations have been made to minimize double-counting of internal activities. Interfund balances between governmental funds and also between governmental funds and internal service funds are eliminated on the government-wide statement of net position. Since the internal service funds support the District's activities, the financial activities of these funds are presented in the governmental activities column in the government-wide statement of activities as a direct expense in the proper functional category. In the government-wide statement of activities, the net activities of the internal service such as health insurance and workers' compensation have been allocated to the appropriate functional expense in order to present a more accurate and complete picture of the direct expenses of the functions. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of net position.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Under modified accrual accounting, expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which is recognized when due.

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. Miscellaneous revenues are recorded as revenue when received in cash because they are general not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Property tax levies collected after the fiscal year-end which would be available to finance current operations are immaterial and remain as deferred inflows of resources.

Revenues from grants accounted for in the Special Revenue Fund are recognized as soon as all eligibility requirements imposed by the provider have been met. Any excess of revenues or expenditures at fiscal year-end is recorded as unearned revenue or due from the granting agencies, respectively.

Note 1 – Summary of Significant Accounting Policies (continued)

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

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into restricted net position and unrestricted net position. Agency funds do not have a measurement focus, but utilize the accrual basis of accounting. District has no other fiduciary funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first when appropriate, and then unrestricted resources as they are needed.

D. Fund Accounting

The accounts of the District are organized on the basis of funds in accordance with the provisions of the Resource Guide. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the District's fund financial statements provide more detailed information about the District's funds - not the District as a whole.

The District reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, state and federal source revenues not accounted for in other funds. Expenditures include all costs associated with the daily operations of the schools.

Special Revenue Fund

The Special Revenue Fund is used to account for various programs. Specifically, this type of fund is used to account for the District's Food Service Program, including local, state, and federal revenue sources, for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other state and local revenue specific programs. The Food Service Operation is the only required budgeted program. Project accounting is employed to maintain integrity for the various sources of the funds. Resources accounted for in this fund are awarded to the District for the purpose of accomplishing specific educational tasks as defined by the grantors in contracts or other agreements.

Capital Projects Fund

The Capital Projects Fund includes funds that are used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the acquisition and construction of school facilities and other capital asset acquisitions.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the District. Primary sources of revenue for debt service are local property taxes, the state existing debt and instructional facilities allotments, and the federal subsidy for interest payments on the Qualified School Construction Bonds.

Note 1 – Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District reports the following proprietary fund:

Internal Service Fund

The District's two internal service funds are used to account for the operations of the District's medical insurance plan and workers' compensation plan, which are supported by employer and/or employee contributions. Expenses include plan benefit payments to employees and charges incurred in administering the plan. The estimated amount due for claims incurred, but not reported (IBNR) at year-end, are included as fund liabilities.

Additionally, the District reports the following fiduciary fund:

Custodial Fund

The Custodial Fund is used to account for the cash receipts and disbursements of the school activity funds of the individual schools. The District does not budget for this fund.

E. Cash and Cash Equivalents

The District considers the following items cash and cash equivalents for financial reporting purposes (including the statement of cash flows for the Proprietary Funds): cash on hand, deposits with financial institutions, money market mutual funds, balances in privately managed public funds investment pools, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments consist primarily of U.S. Government Agency Securities which are stated at fair value based on the hierarchy established by generally accepted accounting principles. The net increase or decrease in the fair value of investments is netted with investment income in local sources of revenue. Investments are generally held to maturity.

G. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

H. Inventories

Inventory is stated at weighted average cost. The costs are recorded as expenditures as the individual inventory items are consumed. Inventory consists of general and food service supplies and commodities. Although commodities are received at no cost, they are recorded in the inventory and revenue at market values as supplied by the Texas Department of Agriculture. When consumed, commodities are recorded as expenditures. A portion of fund balance is non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations, generally in an amount equal to inventory values on hand at the end of the year.

Note 1 – Summary of Significant Accounting Policies (continued)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

J. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of the Facilities Acquisition and Construction Function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets. Donated capital assets are recorded at acquisition value at the date of donation.

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

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building & Improvements	40
Vehicles	7-10
Computer Equipment	7
Other Equipment	5-15
Software	5

K. Unearned Revenue

Unearned revenue at year-end represents funds received in advance for which expenditures have not been incurred for grants.

L. Deferred Outflows/Inflows of Resources

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

A deferred inflow of resources is an acquisition of a government's net position (an increase in asset 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.

Note 1 – Summary of Significant Accounting Policies (continued)

L. Deferred Outflows/Inflows of Resources (continued)

Deferred inflows 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 refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows/inflows of resources for pension

Reported in the government-wide financial statement of net position, these deferred outflows/inflows are the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences; and 4) changes in the District's proportionate share of pension liabilities. In addition, the pension plan contributions made after the measurement date of the net pension liability are reported as deferred outflows and will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows/inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows/inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred outflows/inflows of resources for post-employment benefits

Reported in the government-wide financial statement of net position, these deferred outflows/inflows are the results of 1) differences between projected and actual earnings on post-employment benefit plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences; and 4) changes in the District's proportionate share of post-employment benefit liabilities. The District's contributions made after the measurement date of the net post-employment benefit liability are reported as deferred outflows and will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows/inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Deferred inflows of resources for unavailable revenues

Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1 – Summary of Significant Accounting Policies (continued)

N. Compensated Absences

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. Annual vacation time is granted to eligible employees on the first day of July of each year and all unused vacation time lapses after eighteen months. The estimated liability for accumulated sick leave and vacation time is reported in the government-wide statement of net position for the portion that is not currently payable from available financial resources at year end and is accounted for as assigned fund balance in the governmental funds – General Fund.

O. Fund Balance Classifications

The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory has been properly classified as nonspendable in the Balance Sheet - Governmental Funds (Exhibit C-1).

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The fund balances for the Food Service Program, Debt Service Fund, and the portion from bond proceeds in the Capital Projects Fund are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of resolutions.

The District has committed fund balance in several governmental funds. The detail is shown below:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>
Committed			
Capital improvement to facilities	\$ 7,500,000		\$ 1,258,510
Technology equipment and buses	3,500,000		
Self funded insurance	3,000,000		
Federal sequestration	1,500,000		
Campus activities		1,796,387	
	<u>\$ 15,500,000</u>	<u>\$ 1,796,387</u>	<u>\$ 1,258,510</u>

Note 1 – Summary of Significant Accounting Policies (continued)

O. Fund Balance Classifications (continued)

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. Per Policy CE local, assigned fund balance amounts are established by the Superintendent or designee, Assistant Superintendent of Finance. Assigned fund balance includes funds for encumbrances which are purchase orders, contracts, other commitments for the expenditure of funds that are carried forward, and estimated vacation and sick leave liabilities.

	General Fund
Outstanding encumbrances	\$ 1,274,170
Compensated absences	5,984,654
	<u>\$ 7,258,824</u>

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

P. 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 pension, 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.

Q. Other Post-employment Benefits (OPEB)

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

R. Use of Estimates

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

Note 1 – Summary of Significant Accounting Policies (continued)

S. Data Control Codes

Data control codes refer to the account structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA defines and requires this uniform account structure for school districts in Texas.

Note 2 - Stewardship, Compliance, and Accountability

A. Budgetary Data

The Board of Trustees adopts an annual "appropriated budget" for the General and Debt Service Funds and the Food Service Program included in the Special Revenue Fund. Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final annual amended budgeted revenues and expenditures for the general fund and each major special revenue fund. The Food Service Program is not a major fund. The General Fund budget report appears in the required supplementary information section where the District compares the final annual amended budget to actual revenues and expenditures. Per regulatory requirements, the Debt Service Fund and the Food Service Program are required to be reported with the annual original budget, amended budget, and actual revenues and expenditures. These schedules are included as Other Supplementary Information at the end of the Financial Section of the District's Annual Comprehensive Financial Report in Exhibit G-1 and H-1, respectively.

The Capital Projects Fund budget is prepared on a project-basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is re-appropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds.

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

1. Prior to August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1st. 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 notice of the meeting must be given.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. During the year, amendments are presented to the Board at its regular meetings. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. All supplemental appropriations must be within limits of available revenues and fund equity.
4. Each budget is controlled by a budget manager at the fund, function, and major object level. All budget appropriations lapse at year-end.

Note 2 - Stewardship, Compliance, and Accountability

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since under Texas law, appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

Note 3 – Cash and Investments

The District's cash and investment accounts are classified as either cash and cash equivalents or investments. The cash and cash equivalents include cash on hand, deposits with financial institutions, money market mutual funds, and short-term investments in privately managed public funds investment pool accounts (Texpool, LOGIC, and Lone Star). The investments, which have maturities at purchase of greater than three months, consist of time deposits, and obligations of certain U.S. Government Agencies, along with other investment options authorized by State statute.

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act requires an annual audit of its investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of this Act. Additionally, the investments and investment practices of the District are in compliance with the Trustees' investment policies.

The District is authorized to invest in the following investments:

- Obligations of the U.S. or Texas or its agencies and instrumentalities and political subdivisions including collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States as permitted by Government Code 2256.009.
- Certificates of deposit and share certificates as permitted by Government Code 2256.010.
- Fully collateralized repurchase agreements permitted by Government Code 2256.011.
- Banker's acceptances as permitted by Government Code 2256.012.
- Commercial paper as permitted by Government Code 2256.013.
- Money market mutual funds as permitted by Government Code 2256.014.
- Public funds investment pools as permitted by Government Code 2256.016-2256.019.

The District generally holds all investments to maturity. The District did not have any derivative investment products during the year.

State law and District policy provides that collateral pledged as security for bank deposits must have a fair value of not less than the amount of the deposits and must consist of 1) obligations of the U.S. or its agents and instrumentalities; 2) direct obligations of the State of Texas or its agencies; 3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.

Note 3 – Cash and Investments (continued)

The Texas Education Code and the Public Funds Investment Act regulate deposits and investment transactions of the District. The District is authorized by the Texas Education Code to place the proceeds from debt issues in properly secured or collateralized interest bearing time deposits with any Texas state or national bank having federal depository insurance (FDIC) coverage for depositors or directly in bonds or other obligations of the United States, provided that these time deposits cannot be cashed, sold, or redeemed for an amount less than that originally invested by the District. Additionally, the Texas Education Code authorizes the District to invest in direct debt securities of the U.S. or other types of bonds, securities, warrants, etc., which the District is authorized by law to invest.

In accordance with applicable statutes, the District has a depository contract with the Frost Bank as of August 31, 2021. The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper indication that the collateral securities are pledged by the depository to secure funds of the District. The depository can change collateral securities pledged to secure District funds only upon obtaining the written approval of the District.

At August 31, 2021, the District's cash and investment balances were as follows:

	Total Fair Value	Governmental Activities	Fiduciary Funds
Cash and Equivalents			
Cash and checking accounts	\$ 27,604,562	\$ 27,223,842	\$ 380,720
Texpool	70,293,826	70,293,826	
Local Government Investment Cooperative	71,944,180	71,944,180	
Lone Star Investment Pool	83,021,965	83,021,965	
Total Cash and Cash Equivalents	252,864,533	252,483,813	380,720
Investments			
U.S. Treasury bills	7,041,210	7,041,210	
U.S. Agency obligations			
FFCB	2,199,568	2,199,568	
FHLB	1,041,084	1,041,084	
Other US Government Agencies	10,853,015	10,853,015	
Total U.S. Agency obligations	14,093,667	14,093,667	-
Total investments	21,134,877	21,134,877	-
Total Cash and Investments	\$ 273,999,410	\$ 273,618,690	\$ 380,720

There is \$2,917,675 held in the Lone Star Investment Pool within the Debt Service Fund for the Qualified School Construction Bonds (QSCB), Series 2009 and 2010. In addition, U.S. Treasury bills and Agency obligations totaling \$21,134,877 were for the QSCB, Series 2009 and 2010. These reserve funds will be used to pay off the debt upon maturity in 2024 and 2027.

Note 3 – Cash and Investments (continued)

The District's investments are insured, registered, or the District's agent holds the securities in the District's name. Therefore, the District has minimized the exposure to custodial credit risk. Custodial credit risk for investments is the risk that, in event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party bank trust department hold all securities owned by the District.

As of August 31, 2021, the District's bank balance of \$29,446,154 was not exposed to custodial risk because it was insured and collateralized with securities held by the District's agent and in the District's name.

Local Government Investment Pools

The District invested in the Local Government Investment Pools (Texpool, LOGIC, and Lone Star) during the year. The three entities are public investment pools established pursuant to the Interlocal Cooperation Act and Public Investment Act of Texas. The pools are considered to be "2 A-7 like pools" under GASB Statement No. 31. The District's investment pools with Texpool and Lone Star are valued and reported at amortized cost, which approximates fair value. LOGIC is in compliance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, as the Pool has elected to measure its investments at fair value, even though the Pool may meet all criteria under GASB No. 79 to report at amortized cost. The investment pools are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Texpool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1987, as amended. Oversight responsibility for Texpool is provided by the Texas State Comptroller of Public Accounts, for Lone Star by the First Public, LLC, and for LOGIC by Hilltop Securities, Inc. and J.P. Morgan Asset Management, Inc.

In accordance with GASB No. 79, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk

State law and the District's investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. Investment credit ratings by category are shown below.

	<u>Fair Value</u>	<u>Investment Rating</u>
Texpool	\$ 70,293,826	AAAm
Local Government Investment Cooperative	71,944,180	AAAm
Lone Star Investment Pool	83,021,965	AAAf/S1+
U.S. Treasury bills	7,041,210	N/A
U.S. Agency obligations	14,093,667	AA- - AAA
	<u>\$246,394,848</u>	

Note 3 – Cash and Investments (continued)

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 18 months.

At August 31, 2021, the weighted average maturities of the District's investments were as follows:

	Fair Value	Weighted Average Maturity (days)	Percentage of Portfolio
Texpool	\$ 70,293,826	31	28%
Local Government Investment Cooperative	71,944,180	55	29%
Lone Star Investment Pool	83,021,965	45	34%
U.S. Treasury bills	7,041,210	1,086	3%
U.S. Agency obligations	14,093,667	890	6%
Total	<u>\$246,394,848</u>		<u>100%</u>
Portfolio weighted average maturity		121	

Adjustment to Investment's Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB No. 72 focuses on the exit price in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. GASB establishes a fair value reporting hierarchy to maximize the use of observable inputs when measuring fair value and defines the three levels of inputs as noted below:

- Level 1 – Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.
- Level 2 – Assets and liabilities valued based on observable market data for similar instruments. Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, either directly or indirectly.
- Level 3 – Assets or liabilities for which significant valuation assumptions are not readily observable in the market and instruments, which are valued based on the best available data. Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities. Level 3 assets may include instruments for which the determination of fair value requires significant management judgment or estimation.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The District's local government investment pools are recorded at amortized costs as permitted by GASB No. 79, except for LOGIC which has elected to report at fair value.

Note 3 – Cash and Investments (continued)

Adjustment to Investment's Fair Value (continued)

	Fair Value	Fair Value Measurement Input Level
U.S. Treasury bills	\$ 7,041,210	Level 2
U.S. Agency obligations		
FFCB	2,199,568	Level 2
FHLB	1,041,084	Level 2
Other US Government Agencies	10,853,015	Level 2
Total U.S. Agency obligations	<u>14,093,667</u>	
Total Investments	<u>\$ 21,134,877</u>	

The amount of increase or decrease in the fair value of investments on U.S. Agency obligations during the year ended August 31, 2021, is included in investment income as shown below:

Interest Income	\$ 414,868
Net decrease in Fair Value of Investments	<u>(179,378)</u>
Total Investment Income	<u>\$ 235,490</u>

Note 4 – Property Taxes

Property taxes are levied by October 1st on the assessed value listed the prior January 1st for all real 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 are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Local taxes assessed on valuations made as of January 1st each year are recorded in the District's financial statements net of the related allowance for uncollectible taxes. Appraised values are established by the Central Appraisal District (CAD) of Harris County, Texas. Taxes are levied by the District's Board of Trustees based on the appraised values from the CAD. Billing and collection of tax levies are performed by the District.

Property tax rates, established in accordance with state law, are levied on real and personal property within the District's boundaries for use in financing general government and debt service expenditures. Tax rates levied to finance general government and debt service expenditures for 2020-21 were \$.9998 and \$.205, respectively, per \$100 of valuation. Based on an assessed valuation of approximately \$16.3 billion, the resulting tax levy, after exemptions and adjustments, was approximately \$208 million.

Allowances for uncollectible taxes are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Note 4 – Property Taxes (continued)

Net property taxes receivable at August 31, 2021, consisted of the following:

	General Fund	Debt Service Fund	Totals
Delinquent taxes - Current year levy	\$ 2,290,037	\$ 469,552	\$ 2,759,589
Delinquent taxes - Prior years' levies	4,863,764	847,390	5,711,154
Delinquent Taxes Receivable	7,153,801	1,316,942	8,470,743
Receivable for penalties and interest	4,579,004	805,904	5,384,908
Total Property Taxes Receivable	11,732,805	2,122,846	13,855,651
Less allowance for uncollectible taxes	(1,810,026)	(325,799)	(2,135,825)
Net Property Taxes Receivable	\$ 9,922,779	\$ 1,797,047	\$ 11,719,826

Note 5 – Receivables Due From Other Governments

Receivables due from other government agencies at August 31, 2021, consisted of the following:

	Governmental Funds
Federal grant expenditure reimbursement passed through the state	\$ 53,534,313
Federal grant expenditure reimbursement from the federal agencies	2,328
Federal grant expenditure reimbursement passed through local agencies	63,368
State grant expenditure reimbursement from the state	2,044,747
State grant expenditure reimbursement passed through local agencies	40,213
State formula funding aid from the state	906,749
Local grant expenditure reimbursement from local agencies	65,258
Local expenditure reimbursement from local agencies	163,951
	\$ 56,820,927

Note 6 – Interfund Receivables and Payables

Interfund balances at August 31, 2021, represent short term advances to cover operating results intended to be periodically paid back on a short term basis.

		<u>Due From</u>	<u>Due To</u>
General Fund	Special Revenue Fund	\$ 54,747,706	
	Debt Service Fund		\$ 118,178
	Health Insurance Fund		2,800,909
	Due From (To) Other Funds	<u>54,747,706</u>	<u>2,919,087</u>
Special Revenue Fund	General Fund		54,747,706
		<u>-</u>	<u>54,747,706</u>
Debt Service Fund	General Fund	<u>118,178</u>	
Internal Service Fund	Special Revenue Fund	<u>2,800,909</u>	
Total Interfund Receivables and Payables		<u>\$ 57,666,793</u>	<u>\$ 57,666,793</u>

The District had not cleared the interfund receivables and payables at year end. Interfund balances represent short-term borrowings between funds for operating expense payments or amounts collected in the General Fund to be distributed to other funds, e.g. tax collections to be distributed to the Debt Service Fund, or operating expenditures processed through General Fund for Special Revenue Fund. All interfund balances are expected to be settled shortly after year-end.

Note 7 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depr.					
Land	\$ 74,485,352	\$ 157,122			\$ 74,642,474
Construction in progress	41,010,910	31,484,719		\$ (39,091,949)	33,403,680
Total capital assets, not being depr.	<u>115,496,262</u>	<u>31,641,841</u>		<u>(39,091,949)</u>	<u>108,046,154</u>
Capital asset, being depreciated					
Buildings and improvements	801,277,599	7,114,877	\$ (14,479,211)	39,091,949	833,005,214
Furniture and equipment	70,696,513	2,555,544	(2,875,630)		70,376,427
Total capital assets being depr.	<u>871,974,112</u>	<u>9,670,421</u>	<u>(17,354,841)</u>	<u>39,091,949</u>	<u>903,381,641</u>
Less accumulated depreciation for:					
Buildings and improvements	(390,401,234)	(16,906,841)	14,207,725		(393,100,350)
Furniture and equipment	(44,922,278)	(4,875,961)	2,873,529		(46,924,710)
Total accumulated depreciation	<u>(435,323,512)</u>	<u>(21,782,802)</u>	<u>17,081,254</u>		<u>(440,025,060)</u>
Total capital assets being depr., net	<u>436,650,600</u>	<u>(12,112,381)</u>	<u>(273,587)</u>	<u>39,091,949</u>	<u>463,356,581</u>
Governmental activities capital assets, net	<u>\$ 552,146,862</u>	<u>\$ 19,529,460</u>	<u>\$ (273,587)</u>	<u>\$ -</u>	<u>\$ 571,402,735</u>

Note 7 – Capital Assets (continued)

Construction in progress and remaining commitments under related construction contracts at August 31, 2021 follows:

	Authorized Contract	Contract Expenditures	Other Related Costs	Total CIP	Remaining Commitment
PreK Facilities	\$ 54,540,064	\$ 20,477,000	\$ 3,618,143	\$ 24,095,143	\$ 34,063,064
Restroom Renovations	5,107,618	4,879,859	2,260,321	7,140,180	227,759
Youens HVAC Renovation	2,124,400	1,997,217	171,140	2,168,357	127,183
	<u>\$ 61,772,082</u>	<u>\$ 27,354,076</u>	<u>\$ 6,049,604</u>	<u>\$ 33,403,680</u>	<u>\$ 34,418,006</u>

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities	Expense
Instruction	\$ 12,413,581
Instructional resources and media services	601,870
Curriculum & instructional staff development	113,820
Instructional leadership	37,070
School leadership	286,440
Guidance, counseling & eval. services	66,299
Health services	48,358
Student transportation	2,445,860
Food services	963,745
Extracurricular activities	581,775
Administrative and support services	3,668,075
Facilities maintenance and operations	246,797
Security and monitoring services	42,667
Data processing services	266,445
Total Depreciation Expense-Governmental Activities	<u><u>\$ 21,782,802</u></u>

Note 8 – Long-Term Debt

Long-term debt consists of bonds payable, claims payable, net pension liability, net OPEB liability, and a provision for compensated absence. Bonds are payable solely from future revenues of the Debt Service Fund. The District is in compliance with all significant bond compliance requirements. Internal Service Funds serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the totals for governmental activities. See Note 13 for disclosures regarding claims payable for Health Insurance and Workers' Compensation. Other long-term liabilities are generally liquidated with resources of the General Fund. See Note 14 for additional disclosures regarding compensated absences, Note 11 for defined benefit pension plan, and Note 12 for defined other post-employment benefit plan.

A summary of long-term debt transactions of the District for the year ended August 31, 2021, follows:

	Balance August 31, 2020	Issued and Additions	Refunded and Retired	Balance August 31, 2021	Current Portion
Bonds	\$ 316,192,000	\$ 59,195,000	\$ (24,035,000)	\$351,352,000	\$24,215,000
Issuance premiums	30,420,378	7,414,036	(4,381,407)	33,453,007	
Total bonds payable	<u>346,612,378</u>	<u>66,609,036</u>	<u>(28,416,407)</u>	<u>384,805,007</u>	<u>24,215,000</u>
Accrued compensated absences	6,217,816	1,259,209	(1,492,371)	5,984,654	1,123,049
Claims payable	3,954,056	57,808,591	(54,912,004)	6,850,643	6,051,425
Net pension liability	164,843,644	17,516,432	(17,241,642)	165,118,434	
Net OPEB liability	191,398,931	(36,827,398)	(3,029,953)	151,541,580	
	<u>366,414,447</u>	<u>39,756,834</u>	<u>(76,675,970)</u>	<u>329,495,311</u>	<u>7,174,474</u>
Governmental activity long-term liabilities	<u>\$ 713,026,825</u>	<u>\$106,365,870</u>	<u>\$ (105,092,377)</u>	<u>\$714,300,318</u>	<u>\$31,389,474</u>

Annual requirements to amortize all bonded debt outstanding as of August 31, 2021, follow:

Year Ending August 31,	Principal	Interest	Total
2022	\$ 24,215,000	\$ 12,558,004	\$ 36,773,004
2023	22,895,000	11,452,530	34,347,530
2024	38,282,000	10,392,341	48,674,341
2025	20,440,000	9,391,741	29,831,741
2026	19,650,000	8,439,429	28,089,429
2027-2031	103,955,000	26,215,035	130,170,035
2032-2036	82,940,000	10,526,078	93,466,078
2037-2041	38,975,000	1,647,498	40,622,498
	<u>\$351,352,000</u>	<u>\$ 90,622,656</u>	<u>\$441,974,656</u>

Note 8 – Long-Term Debt (continued)

Bonded debt at August 31, 2021, is comprised of the following individual issues:

Original Issue Amount	Description	Interest Rate %	Range of Maturities	Debt Outstanding
\$ 16,297,000	Unltd. tax schoolhouse bonds, QSCBs, Series 2009	-	2024	\$ 16,297,000
16,480,000	Unltd. tax schoolhouse bonds, QSCBs, Series 2010	5.20	2027	16,480,000
31,740,000	Unltd. tax schoolhouse & ref. bonds, Series 2013	2.00 - 4.00	2020-33	18,470,000
15,830,000	Unltd. tax refunding bonds, Series 2013A	3.00 - 5.00	2020-25	1,835,000
9,255,000	Unltd. tax refunding bonds, Series 2014	2.50 - 4.00	2020-27	3,950,000
9,430,000	Unltd. tax schoolhouse bonds, Series 2015	2.50 - 4.00	2020-35	6,580,000
70,790,000	Unltd. tax schoolhouse & ref. bonds, Series 2016	3.00 - 5.00	2020-36	47,185,000
75,025,000	Unltd. tax schoolhouse bonds, Series 2017	3.00 - 5.00	2020-37	60,005,000
26,345,000	Unltd. tax schoolhouse bonds, Series 2018	3.00 - 5.00	2020-38	22,385,000
58,370,000	Unltd. tax schoolhouse & ref. bonds, Series 2019	2.00 - 5.00	2020-39	48,020,000
54,240,000	Unltd. tax schoolhouse & ref. bonds, Series 2020	2.00 - 5.00	2021-40	50,950,000
59,195,000	Unltd. tax schoolhouse & ref. bonds, Series 2021	2.00 - 5.00	2022-41	59,195,000
	Total bonds			<u>351,352,000</u>
	Current portion			(24,215,000)
	Unamortized premiums			<u>33,453,007</u>
	Total long-term debt			<u><u>\$ 360,590,007</u></u>

The District makes annual deposits into a reserve fund account for the QSCB, Series 2009 and 2010, respectively. These annual deposits plus the interest earned on the reserve accounts will be used to pay off the debt upon maturity in 2024 and 2027. As of August 31, 2021, there is no authorized but unissued debt.

On June 3, 2021, the District issued \$59,195,000 in Unlimited Tax Schoolhouse and Refunding Bonds. Of which, \$57,835,000 was for schoolhouse bonds – the remainder approved in the 2015 bond referendum and in the 2003 bond referendum. The proceeds were used for PreK facilities, school buses, and various capital improvements. The other \$1,360,000 was in Unlimited Tax Refunding Bonds with interest rates in the range of 2%-5% to refund \$1,490,000 of outstanding Series 2012A with interest rates of 2%. The proceeds were deposited in an irrevocable trust with an escrow agent to provide all debt service payments on the refunded bonds. At August 31, 2021, \$1,490,000 of the Series 2012A bonds are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Position.

The refunding bonds were issued to reduce the total debt service payments by approximately \$60,019 and to obtain an economic net gain (difference between the present values of the debt service payments of the old and new debt) of \$53,555. The reacquisition price was less than the carrying amount of the old debt by \$821,276. The \$821,276 is considered a deferred inflow of resources and amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. See Note 1 for additional disclosures regarding deferred inflows of resources.

Note 9 – Revenues from Local Sources

During the current year, revenues from local sources reported in governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals
Property taxes	\$ 170,325,950			\$ 34,914,159	\$ 205,240,109
Penalties, interest, and other related tax income	555,316			106,020	661,336
Extracurricular activities	139,216	\$ 1,035,032			1,174,248
Food sales	20,607	79,249			99,856
Investment income	137,863	5,362	\$ 80,928	3,977	228,130
Tuition and fees	337,719				337,719
Other	1,048,098	344,197			1,392,295
	<u>\$ 172,564,769</u>	<u>\$ 1,463,840</u>	<u>\$ 80,928</u>	<u>\$ 35,024,156</u>	<u>\$ 209,133,693</u>

Note 10 – General Fund Federal Program Revenues

A summary of federal program revenues received in the General Fund for the year ended August 31, 2021, follows:

Program or Source	Assistance Listing Number	Amount
Indirect Costs:		
ESEA Title I, Part A	84.010A	\$ 429,255
IDEA - B, Formula	84.027A	220,570
IDEA - B, Preschool	84.173A	1,518
Carl D. Perkins Career & Technology	84.048A	19,457
Title II Part A - Supporting Effective Instruction	84.367A	63,398
Title III Part A - A ELA	84.365A	39,238
Title IV Part B - 21st Century	84.287C	39,367
ESSER I Grant	84.425D	524,222
CRRSA ESSER II Grant	84.425D	678,893
Title IV Part A, Subpart 1	84.424A	28,314
Prior Period Reimbursement Program	84.425D	3,518,468
CARES Coronavirus Relief Fund	21.019	2,539,087
ROTC Program	N/A	245,398
SHARS - Medicaid Reimbursement Program	N/A	6,740,718
Total		<u><u>\$ 15,087,903</u></u>

Note 11 – 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about the TRS' fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; by calling 1-512-542-6592; or on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used.

The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. In 2013, the Texas Legislature adopted Senate Bill 1458 that provided a stair-step increase in the member contribution rate from 6.4% in fiscal year 2014 to 7.7% in fiscal year 2017. The 86th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2020 and 2021 would remain the same.

Note 11 – Defined Benefit Pension Plan (continued)**Contributions (continued)**

	Contribution Rates	
	Plan Fiscal Year	
	2020	2021
Member	7.70%	7.70%
Non-Employer Contributing Entity (NECE) - State	7.50%	7.50%
Employers/District	7.50%	7.50%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). The District contributed 100% of the annual required contribution for fiscal years 2020 and 2021.

	Fiscal Year
	2021
	TRS
	Contributions
Member	\$ 27,148,378
Non-Employer Contributing Entity (NECE) - State	17,937,151
District	12,803,554

As the non-employer contributing entity (NECE) 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 or a privately sponsored source.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- 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.

Note 11 – Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation rolled forward to August 31, 2020 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%*
Last Year Ending August 31 in Projection Period	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc Post-Employment Benefit Changes	None

* 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 in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July, 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 nonemployer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. 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.

Note 11 – Defined Benefit Pension Plan (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020 are summarized below:

Discount Rate

Asset Class	Target Allocation %	Long Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00 %	3.90 %	0.99 %
Non-U.S. Developed	13.00	5.10	0.92
Emerging Markets	9.00	5.60	0.83
Private Equity	14.00	6.70	1.41
Stable Value			
Government Bonds	16.00	(0.70)	(0.05)
Stable Value Hedge Funds	5.00	1.90	0.11
Absolute Return	-	1.80	-
Real Return			
Real Estate	15.00	4.60	1.02
Energy and Natural Resources & Infrastructure	6.00	6.00	0.42
Commodities	-	0.80	-
Risk Parity			
Risk Parity	8.00	3.00	0.30
Asset Allocation Leverage			
Cash	2.00	(1.5)	(0.03)
Asset Allocation Leverage	(6.00)	(1.3)	0.08
Inflation Expectation			2.00%
Volatility Drag			0.67%
Expected Return			7.33%

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. The discount rate can be found in the 2020 TRS ACFR, Note 11, page 84.

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
District's Proportionate Share of the Net Pension Liability	\$ 254,609,671	\$ 165,118,434	\$ 92,408,765

Note 11 – Defined Benefit Pension Plan (continued)**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At August 31, 2021, the District reported a liability of \$165,118,434 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 Proportion of the Net Pension Liability	0.3082986%
District's Proportionate Share of the Net Pension Liability	\$ 165,118,434
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>230,571,503</u>
Total	<u>\$ 395,689,937</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.3082986% which was a decrease from its proportion measured as of August 31, 2019 of 0.3171099%.

Changes since the Prior Actuarial Valuation

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period. There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2021, the District recognized pension expense of \$26,722,873 as well as revenue of \$27,732,632 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 301,493	\$ (4,608,017)
Changes in assumptions	38,313,352	(16,290,570)
Net difference between projected and actual investment earnings	3,346,406	
Changes in proportion and difference between District' contributions and proportionate share of contributions	7,416,304	(9,809,483)
Contributions paid to TRS subsequent to the measurement date	<u>12,803,554</u>	
Total	<u>\$ 62,181,109</u>	<u>\$ (30,708,070)</u>

Note 11 – Defined Benefit Pension Plan (continued)

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

The \$12,803,554 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 7,141,582
2023	7,458,725
2024	6,133,676
2025	683,933
2026	(2,533,212)
Thereafter	(218,944)
	<u>\$ 18,665,760</u>

Note 12 - Defined Other Post-Employment Benefit Plan

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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; by calling 1-512-542-6592; or on the Internet at https://www.trs.texas.gov/Pages/about_archive_cafr.aspx.

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. 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.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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

TRS-Care Monthly for Retirees		
(January 1, 2020 thru December 31, 2020)		
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999
<i>* or surviving spouse</i>		

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 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 (GAA). The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	Plan Fiscal Year	
	2020	2021
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

Contributions (continued)

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act. Contributions and pension expense for all contributors were as follows:

	Fiscal Year 2021
	TRS-Care Contributions
Active Employee	\$ 2,291,204
Non-Employer Contributing Entity (NECE) - State	4,011,764
District	3,040,529

Actuarial Assumptions

The total OPEB liability in the August 31, 2019, was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in *the 2020 TRS ACFR, Note 9, page 76*.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

The following assumptions used for members of TRS-Care are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

- Rates of Mortality
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation
- Salary Increases

The initial medical trend rates were 10.25 percent for Medicare retirees and 7.50 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 percent over a period of 13 years.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33%*
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc Post-Employment Benefit Changes	None

- * Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2020.

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability. This was a decrease of .30 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 plan 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 pension plan's fiduciary net position was projected to be available to make all projected future 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 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 (2.33%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate 1.33%	Current Discount Rate 2.33%	1% Increase in Discount Rate 3.33%
District's Proportionate Share of the Net OPEB Liability	\$ 181,849,561	\$ 151,541,590	\$ 127,602,642

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

At August 31, 2021, the District reported a liability of \$151,541,590 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 Net OPEB Liability	\$ 151,541,590
State's Proportionate Share of the Net OPEB Liability Associated with the District	203,635,571
Total	<u>\$ 355,177,161</u>

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

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

At August 31, 2020 the employer's proportion of the collective net OPEB liability was 0.3986414% which was a decrease from its proportion measured as of August 31, 2019 of 0.4047240%.

The following presents the District's proportionate share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 123,790,063	\$ 151,541,590	\$ 188,502,700

Changes since the Prior Actuarial Valuation

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

- The discount rate was changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the total OPEB liability (TOL).
- The participation rate for post-65 retirees was lowered from 50 percent to 40 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 ultimate health care trend rate assumption was lowered from 4.5 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high cost employer health plans in December 2019. This change lowered the TOL.

For the year ended August 31, 2021, the District recognized negative OPEB expense of (\$3,079,886) and negative revenue of (\$1,413,968) for support provided by the State.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)****Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 7,934,658	\$ (69,353,180)
Changes in assumptions	9,346,965	(41,614,104)
Difference between projected and actual investment earnings	51,422	
Changes in proportion and difference between District' contributions and proportionate share of contributions	2,433,527	(9,972,948)
Contributions paid to TRS subsequent to the measurement date	<u>3,040,529</u>	
Total	<u>\$ 22,807,101</u>	<u>\$ (120,940,232)</u>

The \$3,040,529 reported as deferred outflows of resources related to TRS-Care resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ (16,555,490)
2023	(16,562,073)
2024	(16,565,839)
2025	(16,564,808)
2026	(12,517,070)
Thereafter	<u>(22,408,380)</u>
	<u><u>\$(101,173,660)</u></u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended 2021, 2020, and 2019 the subsidy payments received by TRS-Care on behalf of the District are as follows:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
2021	\$1,554,957
2020	1,511,551
2019	1,288,934

Note 13 – Risk Management

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, self-insurance, and from participation in a risk pool. The District's participation in the risk pool is limited to paying premiums for its general liability insurance coverage. There has not been any significant reduction in coverage from that of the previous year.

The District provides health benefits to its employees and dependents through a self-funded employee health benefit plan which is accounted for in the Health Insurance Internal Service Fund. This fund is principally supported by contributions from the District and the employees. The District makes contributions to cover the majority of the premiums for employees, and the employees are required to make contributions to cover the remaining employee costs and their dependents. The Internal Service Fund charges the General Fund premiums for the District's contribution. A third party administrator acting on behalf of the District processes health claim payments. The District has obtained excess loss insurance which limits the District's claims paid to \$275,000 annually for any individual occurrence.

The District also provides workers' compensation to employees through a self-insured plan which is accounted for in the Workers' Compensation Internal Service Fund. The Internal Service Fund charges the General Fund premiums for the District's contribution. The District has obtained excess loss insurance which limits the District's claims paid to \$500,000 for any individual occurrence.

Settled claims have not exceeded insurance coverages in any of the previous three fiscal years. Estimates of claims payable and of claims incurred, but not reported at August 31, 2021, are reflected as accrued expenses and claims payable of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2021. The liability reported in the fund is one of the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate based on historical claims.

Analysis of claims liability for the fiscal year 2021 is as follows:

	Health Insurance		Workers' Compensation	
	2021	2020	2021	2020
Accrual, September 1	\$ 3,292,371	\$ 4,006,209	\$ 661,685	\$ 719,555
Current year estimates	56,863,095	44,968,496	945,496	1,014,279
Payments for claims	54,258,648	45,682,334	653,356	1,072,149
Accrual, August 31	<u>\$ 5,896,818</u>	<u>\$ 3,292,371</u>	<u>\$ 953,825</u>	<u>\$ 661,685</u>
Current Portion	<u>\$ 5,896,818</u>	<u>\$ 3,292,371</u>	<u>\$ 154,607</u>	<u>\$ 265,211</u>

Of the claims liability for Workers' Compensation Fund, \$799,218 is recorded as noncurrent liabilities.

The following year-by-year exposure details the number of annual workers compensation claims.

2011-12	296	2016-17	343
2012-13	296	2017-18	312
2013-14	305	2018-19	333
2014-15	292	2019-20	244
2015-16	321	2020-21	191
		Ten year average	293

Note 14 – Compensated Absences

The District has a vacation policy for noncontractual employees (administration and other full-time employees) whereby eligible employees receive vacation pay from one to twenty-five days, dependent upon the number of years of service, after the completion of a year's service in the District. All vacation days must be used within an eighteen-month period from the first day of July of each year, and unused vacation pay cannot be carried over to future periods. The liability for unused vacation days at August 31, 2021, is \$2,205,822 and is included in the liabilities on the government-wide statement of net position.

The District's sick leave policy is coordinated with a state mandated sick leave policy whereby substantially all full-time teaching and paraprofessional employees receive up to thirteen days sick leave per year. State sick leave days accrue at the rate of five per year without limit to accumulation. The unused balance may be transferred to another District within the Texas public school system. All state sick leave days must be used prior to retirement from the Texas public school system to receive the benefit. The District pays for all state sick leave days used.

Additional local sick leave of up to eight days per year accrues to employees eligible to receive state mandated sick days. All employees not eligible for state mandated sick days may receive up to thirteen days of local leave. Local sick leave may be accumulated to a maximum of 120 days; however, the District does not pay accumulated local sick leave upon termination with the District. Employees are eligible to receive payment for local sick leave (up to a maximum of 80 days) upon qualified retirement from the District, dependent upon the number of years of service with the District. The liability for estimated amounts earned by District employees meeting the requirement for compensation is \$3,778,832 at August 31, 2021, all of which is reported in the liabilities on the government-wide statement of net position.

The management of the District has assigned a portion of the fund balance in the General Fund to pay the estimated vacation and sick leave liabilities.

Note 15 – Fund Balances

A summary of nonspendable, restricted, committed, and assigned fund balance, as of August, 31, 2021, for all governmental fund types follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund
Nonspendable				
Inventories	\$ 1,396,988	\$ -	\$ -	\$ -
Restricted				
Food service operations		\$ 814,273		
Authorized construction			\$ 102,882,259	
Retirement of bonded Indebtedness				\$ 28,671,541
	\$ -	\$ 814,273	\$ 102,882,259	\$ 28,671,541
Committed				
Capital improvement to facilities	\$ 7,500,000		\$ 1,258,510	
Technology equipment and buses	3,500,000			
Self funded insurance	3,000,000			
Federal sequestration	1,500,000			
Campus activities		\$ 1,796,387		
	\$ 15,500,000	\$ 1,796,387	\$ 1,258,510	\$ -
Assigned				
Outstanding encumbrances	\$ 1,274,170			
Compensated absences	5,984,654			
	\$ 7,258,824	\$ -	\$ -	\$ -
Total	\$ 24,155,812	\$ 2,610,660	\$ 104,140,769	\$ 28,671,541

Note 15 – Fund Balances (continued)

Outstanding encumbrances by major function at August 31, 2021 follow:

Outstanding Encumbrance by Function:	
Instruction	\$ 393,851
Student support services	525,165
General administration	43,522
Facilities maintenance and operations	259,217
Other	<u>52,415</u>
Total	<u><u>\$ 1,274,170</u></u>

Note 16 – Net Investment in Capital Assets

The net investment in capital assets at August 31, 2021, consists of the following:

Governmental activities capital assets, net of accumulated depreciation	\$ 571,402,735
Capital related debt:	
Bonds payable	(351,352,000)
Unamortized issuance premiums	(33,453,007)
Deferred gain on refunding	(171,354)
Unspent schoolhouse bond proceeds	<u>102,882,259</u>
Net Investment in Capital Assets	<u><u>\$ 289,308,633</u></u>

Note 17 – Litigation and Contingencies

From time to time the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 18 – Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that there is no arbitrage liability as of August 31, 2021.

Note 19 – Shared Service Arrangement

The District participates in a Shared Service Arrangement (SSA) for deaf education services with 10 other school districts. Approximately 32% of the students served by the SSA are attributable to the District. The District does not account for revenues or expenditures of this program and does not disclose them in these financial statements. However, intergovernmental charges in the General Fund include payments to the fiscal agent for the District's share of project deficits. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Fort Bend ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Alief ISD. The fiscal agent manager is responsible for all financial activities of the SSA. Shared Service Arrangement expenditures of \$583,740 were attributable to Alief ISD participation.

The District also participates in a SSA with Region 4 Education Service Center and 47 other school districts for services to students with visual impairments. Region 4, the fiscal agent, provides funds to school districts to supplement certified orientation and mobility specialist salaries. The supplement of \$20,000 to Alief ISD was recorded in the Special Revenue Fund.

Note 20 – Juvenile Justice Alternative Education Program

The District is required by law to participate in a Juvenile Justice Alternative Education Program (JJAEP) in coordination with the county juvenile board. A JJAEP is mandated by Chapter 37 of the Texas Education Code to provide education for certain expelled and adjudicated youth based on standards of academic accountability and performance as approved by the Texas Juvenile Probation Commission. The District paid \$34,049 to place students in a JJAEP in 2020-21.

Note 21 – Subsequent Events

On November 2, 2021, the voters approved three bond propositions for \$513,175,000 for general construction and technology equipment that will be issued in 7 installments between 2022 - 2028.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

LEAs have reported to the TEA that attendance rate declines continue to occur due to COVID-19. As a result, the TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once the TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the District has not determined the impact.

Note 22 – Prior Period Adjustment

In the current 2020-21 fiscal year, the District implemented GASB Statement No. 84, Fiduciary Activities which resulted in a prior period adjustment of \$135,873 in the Special Revenue Fund and \$450,861 in the Custodial Fund.

Note 23 – GASB Pronouncements

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. It was issued in June 2020, but the requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement is planned for fiscal year 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement was issued in May 2020 and provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Implementation of this Statement is planned for fiscal year 2023.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. These Statements were issued in March, 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements of these Statements are effective immediately.

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

The District implemented GASB No. 84 *Fiduciary Activities* and GASB No. 98 *The Annual Comprehensive Financial Report* in fiscal year 2021 and plans to implement GASB No. 87 *Leases* in fiscal year 2022.

Required Supplementary Information

Alief Independent School District

Exhibit F-1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Amended Budget, and Actual - General Fund**

**Year Ended August 31, 2021
with comparative actual balances for the Year Ended August 31, 2020**

		2021				
Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget	2020 Actual
		Original	Final		Positive (Negative)	
	Revenues:					
5700	Local sources	\$ 176,642,989	\$ 173,842,662	\$ 172,564,769	\$ (1,277,893)	\$ 169,839,095
5800	State program revenues	275,137,821	272,695,750	244,824,270	(27,871,480)	263,745,064
5900	Federal program revenues	11,685,000	12,660,617	15,087,903	2,427,286	9,209,535
5020	Total Revenues	463,465,810	459,199,029	432,476,942	(26,722,087)	442,793,694
	Expenditures:					
	Current:					
0011	Instruction	292,621,331	287,132,708	255,306,823	31,825,885	286,059,574
0012	Instructional resources and media services	5,517,423	5,642,660	5,408,422	234,238	5,450,583
0013	Curriculum & instructional staff development	5,127,644	5,724,596	5,430,276	294,320	5,357,748
0021	Instructional leadership	5,759,666	6,096,855	5,864,808	232,047	5,497,403
0023	School leadership	30,239,507	29,944,970	29,506,000	438,970	29,733,551
0031	Guidance, counseling, & evaluation services	22,745,151	23,295,005	22,911,470	383,535	22,276,972
0032	Social work services	399,143	438,854	402,206	36,648	398,063
0033	Health services	8,127,056	7,902,438	7,111,347	791,091	8,649,618
0034	Student transportation	18,441,013	16,915,407	16,074,084	841,323	17,105,363
0035	Food services	187,500	187,500	118,628	68,872	75,220
0036	Extracurricular activities	5,076,678	4,343,690	3,795,058	548,632	4,204,210
0041	Administrative and support services	9,268,276	9,933,884	9,255,429	678,455	9,150,332
0051	Facilities maintenance and operations	38,283,596	39,084,128	36,870,344	2,213,784	38,740,982
0052	Security and monitoring services	7,233,428	7,152,278	6,948,071	204,207	7,450,813
0053	Data processing services	3,783,648	3,849,772	3,683,861	165,911	3,583,309
0061	Community services	2,986,760	3,325,251	3,013,467	311,784	3,041,131
	Debt service:					
0071	Debt service - principal on long-term debt	315,077				307,844
0072	Debt service - interest on long-term debt					7,234
	Capital outlay:					
0081	Facilities acquisition and construction	851,913	879,283	752,956	126,327	2,468,602
	Intergovernmental charges:					
0093	Payments to shared service arrangements	676,500	676,500	583,740	92,760	682,517
0095	Payments to Juvenile Justice Alt. Ed. Prog.	250,000	250,000	34,049	215,951	201,990
0099	Payments to appraisal district	1,574,500	1,559,500	1,502,771	56,729	1,525,294
6030	Total Expenditures	459,465,810	454,335,279	414,573,810	39,761,469	451,968,353
1100	Excess of Revenues Over (Under) Expenditures	4,000,000	4,863,750	17,903,132	13,039,382	(9,174,659)
	Other Financing (Uses)					
8911	Operating transfer out		1,000,000		1,000,000	
	Total Other Financing (Uses)		1,000,000		1,000,000	
	Net Change in Fund Balance	4,000,000	3,863,750	17,903,132	14,039,382	(9,174,659)
0100	Fund Balance - beginning	91,121,943	91,121,943	91,121,943		100,296,602
3000	Fund Balance - ending	\$ 95,121,943	\$ 94,985,693	\$ 109,025,075	\$ 14,039,382	\$ 91,121,943

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Alief Independent School District

***Schedule of the District's Proportionate Share of the Net Pension Liability
of a Cost-Sharing Multiple-Employer Pension Plan
Teacher Retirement System of Texas (TRS)***

For the Last Seven Measurement Years Ended August 31,

	2014	2015
District's Proportion of the Net Pension Liability	0.2020208%	0.3342759%
District's Proportionate Share of the Net Pension Liability	\$ 53,962,550	\$ 118,162,081
State's Proportionate Share of the Net Pension Liability Associated with the District	152,309,015	179,264,862
Total	<u>\$ 206,271,565</u>	<u>\$ 297,426,943</u>
District's Covered Payroll (for Measurement Year)	\$ 285,263,235	\$ 308,954,860
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	18.92%	38.25%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability (1)	83.25%	78.43%
Plan's Net Pension Liability as a Percentage of Covered Payroll (1)	72.89%	91.94%

(1) Per the Teacher Retirement System's Annual Comprehensive Financial Report.

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.
Ten years of data is not available.

Exhibit F-2

2016	2017	2018	2019	2020
34.1126546%	0.3459862%	0.3200680%	0.3171099%	0.3082986%
\$ 128,906,649	\$ 110,627,732	\$ 182,744,598	\$ 164,843,644	\$ 165,118,434
184,308,306	148,546,516	245,444,830	220,055,537	230,571,503
<u>\$ 313,214,955</u>	<u>\$ 259,174,248</u>	<u>\$ 428,189,428</u>	<u>\$ 384,899,181</u>	<u>\$ 395,689,937</u>
\$ 326,483,230	\$ 332,855,824	\$ 332,946,322	\$ 331,525,555	\$ 354,018,430
39.48%	33.24%	54.89%	49.72%	46.64%
78.00%	82.17%	73.74%	75.24%	75.54%
92.75%	75.93%	126.11%	114.93%	110.36%

Alief Independent School District

***Schedule of District's Contributions to the Teacher Retirement System Pension Plan
Last Ten Fiscal Years***

	2012	2013	2014	2015
Teacher Retirement System				
Contractually Required Contributions	\$ 3,753,025	\$ 4,323,780	\$ 5,121,788	\$ 9,898,055
Contributions in Relation to the Contractually Required Contributions	(3,753,025)	(4,323,780)	(5,121,788)	(9,898,055)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 271,838,556	\$ 274,093,839	\$ 285,263,235	\$ 308,954,860
Contributions as a Percentage of Covered Payroll	1.38%	1.58%	1.80%	3.20%

The amounts presented for the fiscal years were determined as of the District's fiscal year end, August 31.

A 1.6% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2014.

Exhibit F-3

2016	2017	2018	2019	2020	2021
\$ 10,838,455	\$ 11,339,407	\$ 11,186,005	\$ 11,098,422	\$ 12,718,449	\$ 12,803,554
(10,838,455)	(11,339,407)	(11,186,005)	(11,098,422)	(12,718,449)	(12,803,554)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 326,483,230	\$ 332,855,824	\$ 332,946,322	\$ 331,525,555	\$ 354,018,430	\$ 352,576,047
3.32%	3.41%	3.36%	3.35%	3.59%	3.63%

Alief Independent School District

***Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System of Texas (TRS)***

For the Four Measurement Years Ended August 31,

	2017
District's Proportion of the Net OPEB Liability	0.4123626%
District's Proportionate Share of the Net OPEB Liability	\$ 179,321,045
State's Proportionate Share of the Net OPEB Liability Associated with the District	250,843,962
Total	<u>\$ 430,165,007</u>
District's Covered Payroll (for Measurement Year)	\$ 332,855,824
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	53.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (1)	0.91%
Plan's Net OPEB Liability as a Percentage of Covered Payroll (1)	132.55%

(1) Per the Teacher Retirement System's Annual Comprehensive Financial Report.

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.
Ten years of data is not available.

2018	2019	2020
0.4182803%	0.4047240%	0.3986414%
\$ 208,851,168	\$ 191,398,931	\$ 151,541,590
273,727,920	254,326,368	203,635,571
<u>\$ 482,579,088</u>	<u>\$ 445,725,299</u>	<u>\$ 355,177,161</u>
\$ 332,946,322	\$ 331,525,555	\$ 354,018,430
62.73%	57.73%	42.81%
1.57%	2.66%	4.99%
146.64%	135.21%	101.46%

Alief Independent School District

***Schedule of District's OPEB Contributions to the Teacher Retirement System
Last Ten Fiscal Years***

	2012	2013	2014	2015
Teacher Retirement System				
Contractually Required Contributions	\$ 1,771,225	\$ 1,649,975	\$ 1,857,975	\$ 1,995,057
Contributions in Relation to the Contractually Required Contributions	(1,771,225)	(1,649,975)	(1,857,975)	(1,995,057)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 271,838,556	\$ 274,093,839	\$ 285,263,235	\$ 308,954,860
Contributions as a Percentage of Covered Payroll	0.65%	0.60%	0.65%	0.65%

The amounts presented for the fiscal years were determined as of the District's fiscal year end, August 31.

Exhibit F-5

2016	2017	2018	2019	2020	2021
\$ 2,104,662	\$ 2,143,878	\$ 2,885,681	\$ 2,871,772	\$ 3,029,495	\$ 3,040,529
(2,104,662)	(2,143,878)	(2,885,681)	(2,871,772)	(3,029,495)	(3,040,529)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 326,483,230	\$ 332,855,824	\$ 332,946,322	\$ 331,525,555	\$ 354,018,430	\$ 352,576,047
0.64%	0.64%	0.87%	0.87%	0.86%	0.86%

Alief Independent School District
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund, the Food Service Program that is included in the Special Revenue Fund, and the Debt Service Fund before the beginning of the fiscal year. For fiscal year beginning September 1st, the Texas Education Code requires the budget to be prepared not later than August 20th and adopted by August 31st of each year. The District's administration determines budgetary funding priorities and the budgets are prepared in the same basis of accounting that is used for reporting in accordance with generally accepted accounting principles. Final budget allocations are determined by the Board, which subsequently establishes a local property tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General and Debt Service Funds, and the Food Service Program included in the Special Revenue Fund.

The District's administration performs budget reviews during the year in which budget requirements are reevaluated and revisions are recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts as defined by the Texas Education Agency for each individual fund type. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Management may amend the budget without seeking Board approval if appropriations are not transferred between functions. During fiscal year 2021, General Fund appropriations were decreased by \$5.1 million.

Pension

Changes since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

- The total pension liability as of August 31, 2020 was developed using a roll-forward method from the August 31, 2019 valuation.
- The single discount rate as of August 31, 2019 was the long-term rate of return of 7.25 percent and that was unchanged as of August 31, 2020.
- 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 fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

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

Alief Independent School District
Notes to Required Supplementary Information

Other Post-Employment Benefit Plan

Changes since the Prior Actuarial Valuation

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

- The discount rate was changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the total OPEB liability (TOL).
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeat of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.

Other Supplementary Information

Combining and Individual Fund Statements and Schedules

Debt Service Fund

Debt Service Fund is used to account for revenues from debt service taxes and earnings on investments which are used for payment of interest and principal on the District's bonded indebtedness.

Alief Independent School District

Exhibit G-1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Amended Budget, and Actual - Debt Service Fund**

**Year Ended August 31, 2021
with comparative actual balances for the Year Ended August 31, 2020**

		2021				
Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget	2020 Actual
		Original	Final		Positive (Negative)	
Revenues						
5700	Local sources	\$ 35,715,885	\$ 35,715,885	\$ 35,024,156	\$ (691,729)	\$ 33,237,803
5800	State program revenues			234,827	234,827	286,768
5900	Federal program revenues	807,016	807,016	808,113	1,097	808,520
5020	Total Revenues	36,522,901	36,522,901	36,067,096	(455,805)	34,333,091
Expenditures						
Debt service:						
0071	Principal on long-term debt	24,601,467	24,601,467	22,545,000	2,056,467	20,070,000
0072	Interest on long-term debt	12,174,434	12,174,434	11,851,179	323,255	10,612,410
0073	Bond issuance costs and fees	40,000	1,545,000	1,533,632	11,368	2,812,335
	Total debt service	36,815,901	38,320,901	35,929,811	2,391,090	33,494,745
6030	Total Expenditures	36,815,901	38,320,901	35,929,811	2,391,090	33,494,745
1100	Excess of Revenues Over (Under) Expenditures	(293,000)	(1,798,000)	137,285	1,935,285	838,346
Other Financing Sources						
7911	Refunding bonds issued		1,360,000	1,360,000		2,605,000
7916	Premium on issuance of bonds		140,028	140,028		182,299
7080	Total Other Financing Sources		1,500,028	1,500,028		2,787,299
1200	Net Change in Fund Balances	(293,000)	(297,972)	1,637,313	1,935,285	3,625,645
0100	Fund balance - September 1 (beginning)	27,034,228	27,034,228	27,034,228		23,408,583
3000	Fund Balance - August 31 (ending)	\$ 26,741,228	\$ 26,736,256	\$ 28,671,541	\$ 1,935,285	\$ 27,034,228

Special Revenue Fund – Food Service Program

Special Revenue Fund is used to account for various federal, state, and locally funded programs. The Food Service Program included in the Special Revenue Fund is used to account for federal reimbursement revenues originating from the United States Department of Agriculture and allowable expenditures under the National School Lunch Act.

Alief Independent School District

Exhibit H-1

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Original Budget, Final Amended Budget
and Actual - Food Service Program**

**Year Ended August 31, 2021
with comparative actual balances for the Year Ended August, 31, 2020**

		2021				
Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget	2020 Actual
		Original	Final		Positive (Negative)	
	Revenues					
5700	Local sources	\$ 2,230,000	\$ 2,230,000	\$ 92,692	\$ (2,137,308)	\$ 1,614,965
5800	State program revenues	150,000	150,000	139,416	(10,584)	146,030
5900	Federal program revenues	26,296,500	26,296,500	18,567,218	(7,729,282)	18,335,660
5020	Total Revenues	28,676,500	28,676,500	18,799,326	(9,877,174)	20,096,655
	Expenditures					
	Current:					
0035	Food services	28,676,500	28,676,500	19,784,965	8,891,535	23,583,729
0081	Facilities acquisition and construction				-	11,748
6030	Total Expenditures	28,676,500	28,676,500	19,784,965	8,891,535	23,595,477
1100	Excess of Revenues (Under) Expenditures			(985,639)	(985,639)	(3,498,822)
	Other Financing Sources					
7915	Operating transfer in		1,000,000		1,000,000	
1200	Net Change in Fund Balance	-	1,000,000	(985,639)	14,361	(3,498,822)
0100	Fund balance - September 1 (beginning)	1,799,912	1,799,912	1,799,912		5,298,734
3000	Fund Balance - August 31 (ending)	\$ 1,799,912	\$ 2,799,912	\$ 814,273	\$ 14,361	\$ 1,799,912

Internal Service Funds

Internal Service Funds are used to account for the operations of the District's self-funded insurance programs.

Workers' Compensation Fund – This fund is used to account for the operations of the District's self-funded workers' compensation plan, which is supported by employer contributions. Expenses include benefit payments to employees, excess loss insurance premiums, and related administrative costs.

Health Insurance Fund – This fund is used to account for the operations of the District's medical insurance program which is supported by both employee and employer contributions. Expenses include claims, excess loss insurance, and related administrative costs.

Alief Independent School District

Exhibit I-1

**Combining Statement of Net Position
Internal Service Funds**

August 31, 2021

Data Control Codes		753 Workers' Comp.	755 Health Insurance	Total Internal Service Funds
Assets				
Current Assets				
1110	Cash and cash equivalents	\$ 2,485,898	\$ 11,878,257	\$ 14,364,155
1260	Due from other funds	-	2,800,909	2,800,909
1290	Other receivables	-	2,597,412	2,597,412
	Total current assets	<u>2,485,898</u>	<u>17,276,578</u>	<u>19,762,476</u>
1000	Total Assets	<u>2,485,898</u>	<u>17,276,578</u>	<u>19,762,476</u>
Liabilities				
Current Liabilities				
2110	Accounts payable	16,471	1,967,970	1,984,441
2200	Accrued expenses	<u>154,607</u>	<u>5,896,818</u>	<u>6,051,425</u>
	Total current liabilities	<u>171,078</u>	<u>7,864,788</u>	<u>8,035,866</u>
Noncurrent Liabilities				
2590	Claims payable	<u>799,218</u>	<u>-</u>	<u>799,218</u>
	Total noncurrent liabilities	<u>799,218</u>	<u>-</u>	<u>799,218</u>
2000	Total Liabilities	<u>970,296</u>	<u>7,864,788</u>	<u>8,835,084</u>
Net Position				
3900	Unrestricted Net Position	<u>\$ 1,515,602</u>	<u>\$ 9,411,790</u>	<u>\$ 10,927,392</u>

Alief Independent School District

Exhibit I-2

**Combining Statement of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds**

Year Ended August 31, 2021

Data Control Codes		753 Workers' Comp.	755 Health Insurance	Total Internal Service Funds
	Operating Revenues			
5700	Local sources:			
5754	Interfund services provided	\$ 2,000,000	\$ 58,255,198	\$ 60,255,198
57XX	Other	3,436	7,142,574	7,146,010
5020	Total Operating Revenues	<u>2,003,436</u>	<u>65,397,772</u>	<u>67,401,208</u>
	Operating Expenses			
6200	Purchased and contracted services	81,720	3,657,177	3,738,897
6400	Claims expenses	945,496	56,863,095	57,808,591
6400	Other operating expenses	<u>152,511</u>	<u>3,310,300</u>	<u>3,462,811</u>
6030	Total Operating Expenses	<u>1,179,727</u>	<u>63,830,572</u>	<u>65,010,299</u>
1200	Operating Income	823,709	1,567,200	2,390,909
	Nonoperating Revenues			
7000	Interest income	<u>1,628</u>	<u>5,732</u>	<u>7,360</u>
	Total Nonoperating Revenues	<u>1,628</u>	<u>5,732</u>	<u>7,360</u>
1300	Change in Net Position	825,337	1,572,932	2,398,269
0100	Total Net Position - Sept. 1 (beginning)	<u>690,265</u>	<u>7,838,858</u>	<u>8,529,123</u>
3000	Total Net Position - Aug. 31 (ending)	<u>\$ 1,515,602</u>	<u>\$ 9,411,790</u>	<u>\$ 10,927,392</u>

Alief Independent School District

Exhibit I-3

**Combining Statement of Cash Flows
Internal Service Funds**

Year Ended August 31, 2021

	753 Workers' Comp.	755 Health Insurance	Total Internal Service Funds
Cash Flows from Operating Activities			
Cash receipts from interfund services provided and used	\$ 2,000,000	\$ 58,255,198	\$ 60,255,198
Cash receipts from insurance reimbursements	13,104	5,640,854	5,653,958
Cash payments to vendors for goods and services	(217,782)	(6,086,381)	(6,304,163)
Cash payments for claims	(653,356)	(54,258,648)	(54,912,004)
Net Cash Provided by Operating Activities	<u>1,141,966</u>	<u>3,551,023</u>	<u>4,692,989</u>
Cash Flows (Used) by Noncapital Financing Activities			
Advances to Other Funds	<u>-</u>	<u>(2,582,420)</u>	<u>(2,582,420)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>-</u>	<u>(2,582,420)</u>	<u>(2,582,420)</u>
Cash Flows from Investing Activities			
Interest on cash and investments	<u>1,628</u>	<u>5,732</u>	<u>7,360</u>
Net Cash Provided by Investing Activities	<u>1,628</u>	<u>5,732</u>	<u>7,360</u>
Net increase in cash and cash equivalents	1,143,594	974,335	2,117,929
Cash and cash equivalents, beginning of year	<u>1,342,304</u>	<u>10,903,922</u>	<u>12,246,226</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,485,898</u></u>	<u><u>\$ 11,878,257</u></u>	<u><u>\$ 14,364,155</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 823,709	\$ 1,567,200	\$ 2,390,909
Change in assets and liabilities:			
(Increase) decrease in other receivables	9,668	(1,501,720)	(1,492,052)
Increase in accounts payable	16,449	881,096	897,545
Increase (decrease) in accrued expenses	(110,604)	2,604,447	2,493,843
Increase in noncurrent claims payable	<u>402,744</u>	<u></u>	<u>402,744</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,141,966</u></u>	<u><u>\$ 3,551,023</u></u>	<u><u>\$ 4,692,989</u></u>

Alief Independent School District

Schedule of Delinquent Taxes Receivable

Fiscal Year Ended August 31, 2021

Fiscal Year	Tax Year	1		2		3	
		Tax Rates		Assessed/Appraised Value for School Tax Purposes			
		Maintenance	Debt Service	Total			
2012 and prior	2011 and prior	\$ Various	\$ Various	\$ Various	\$	Various	
2013	2012	1.1250	0.1950	1.3200		10,729,494,394	
2014	2013	1.1250	0.1650	1.2900		11,484,302,868	
2015	2014	1.1250	0.1550	1.2800		12,589,736,484	
2016	2015	1.1250	0.1550	1.2800		13,360,826,250	
2017	2016	1.1250	0.1800	1.3050		14,436,362,682	
2018	2017	1.1250	0.2050	1.3300		14,972,841,053	
2019	2018	1.1250	0.2050	1.3300		15,311,580,602	
2020	2019	1.0391	0.2050	1.2441		16,153,773,973	
2021	2020	0.9998	0.2050	1.2048		16,298,050,365	
1000 Totals							

Exhibit J-1

10 Beginning Balance 8/31/2020	20 Current Year's Total Levy	30 Maintenance Total Collections	30a Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2021
\$ 1,504,673		\$ 11,464	\$ 2,165	\$ (135,741)	\$ 1,355,303
342,781		4,647	805	(228)	337,101
350,448		6,867	1,007	(197)	342,377
436,156		10,969	1,511	(1,198)	422,478
470,017		27,330	3,766	(460)	438,461
494,848		61,798	9,886	10,562	433,726
781,089		114,089	20,784	11,110	657,326
1,024,830		286,559	52,203	29,725	715,793
2,268,884		1,168,673	230,563	138,942	1,008,590
-	\$ 208,016,254	170,331,685	34,924,981		2,759,588
<u>\$ 7,673,726</u>	<u>\$ 208,016,254</u>	<u>\$ 172,024,081</u>	<u>\$ 35,247,671</u>	<u>\$ 52,515</u>	<u>\$ 8,470,743</u>
Penalty and interest receivable on taxes					<u>5,384,908</u>
Total taxes receivable per Governmental Fund Balance Sheet					<u><u>\$ 13,855,651</u></u>

Statistical Section (Unaudited)

Financial Trends

These schedules contain trend information to show how the District's financial performance and position have changed over time.

Alief Independent School District

Net Position by Component

Last Ten Fiscal Years (Accrual Basis of Accounting)

	2012	2013	2014	2015
Governmental Activities:				
Net Investment in Capital Assets	\$ 201,935,569	\$ 204,368,407	\$ 225,322,439	\$ 240,898,879
Restricted	16,088,572	20,730,469	26,025,149	25,576,701
Unrestricted	104,092,145	123,139,917	126,354,010	74,550,415
Total Governmental Activities Net Position	322,116,286	348,238,793	377,701,598	341,025,995
Business-type Activities:				
Investment in Capital Assets	28,733	14,033	7,083	
Unrestricted	258,517	236,327	239,963	
Total Business-type Activities Net Position	287,250	250,360	247,046	
Primary Government				
Net Investment in Capital Assets	201,964,302	204,382,440	225,329,522	240,898,879
Restricted	16,088,572	20,730,469	26,025,149	25,576,701
Unrestricted	104,350,662	123,376,244	126,593,973	74,550,415
Total Primary Government Net Position	\$ 322,403,536	\$ 348,489,153	\$ 377,948,644	\$ 341,025,995

GASB Statement No. 65 was implemented for the year ended August 31, 2014.
2013 and prior have been restated regarding expensing of bond issuance costs.

GASB Statements No. 68 and 71 were implemented for the year ended August 31, 2015.
2014 and prior were not restated for GASB 68 and 71, or for reclassifying the activities of the enterprise funds to the general fund effective September 1, 2014.

GASB Statement No. 75 was implemented for the year ended August 31, 2018.
2017 and prior were not restated for GASB 75.

Table 1

2016	2017	2018	2019	2020	2021
\$ 261,270,334	\$ 270,014,752	\$ 277,853,365	\$ 282,464,670	\$ 286,246,172	\$ 289,308,633
26,158,223	27,773,083	26,777,037	29,682,241	29,910,008	30,712,471
47,452,583	26,975,434	(230,798,282)	(243,034,201)	(269,701,131)	(256,374,627)
334,881,140	324,763,269	73,832,120	69,112,710	46,455,049	63,646,477
261,270,334	270,014,752	277,853,365	282,464,670	286,246,172	289,308,633
26,158,223	27,773,083	26,777,037	29,682,241	29,910,008	30,712,471
47,452,583	26,975,434	(230,798,282)	(243,034,201)	(269,701,131)	(256,374,627)
\$ 334,881,140	\$ 324,763,269	\$ 73,832,120	\$ 69,112,710	\$ 46,455,049	\$ 63,646,477

Alief Independent School District

Changes in Net Position

Last Ten Fiscal Years (Accrual Basis of Accounting)

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
Instruction	\$ 248,160,056	\$ 257,902,354	\$ 276,133,315	\$ 295,472,289
Instructional resources and media services	5,409,215	5,318,189	5,291,762	5,638,005
Curriculum & instructional staff development	6,837,468	6,323,996	7,842,510	8,535,537
Instructional leadership	4,266,462	4,292,135	5,024,401	5,475,653
School leadership	23,843,299	24,176,702	25,305,748	26,457,102
Guidance, counseling, & evaluation services	15,465,860	15,180,618	17,514,377	19,239,691
Social work services	615,635	545,770	530,725	607,759
Health services	3,818,948	3,974,373	4,671,762	5,080,124
Student transportation	14,148,380	14,845,454	15,541,887	16,091,588
Food services	23,151,927	24,953,484	24,050,471	24,771,368
Extracurricular activities	6,628,189	7,108,074	8,735,438	10,295,192
Administrative and support services	8,804,024	8,804,195	9,778,090	10,327,012
Facilities maintenance and operations	35,530,519	34,565,434	34,858,666	36,548,888
Security and monitoring services	5,126,144	5,074,935	5,621,863	5,773,141
Data processing services	3,385,549	3,092,688	3,344,920	3,423,319
Community services	1,356,940	1,448,734	2,227,081	3,222,117
Debt service - interest on long-term debt	7,857,255	6,849,845	5,596,853	5,106,464
Payments to fiscal agent	381,853	379,426	424,170	426,523
Payments to JJAEP	233,061	142,318	411,477	183,318
Payments to appraisal district	1,161,250	1,139,493	1,113,193	1,249,730
Total Governmental Activities	416,182,034	426,118,217	454,018,709	483,924,820
Business-type Activities:				
Day care	652,538	682,306	696,851	
Catering	78,099	94,510	101,716	
After school program	472,304	548,198	559,853	
Total Business-type Activities	1,202,941	1,325,014	1,358,420	
Total Primary Government Expenses	417,384,975	427,443,231	455,377,129	483,924,820
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	223,597	396,320	246,692	296,397
Food Service	3,001,533	3,001,738	3,182,542	2,843,704
Extracurricular activities	2,445,130	2,539,383	2,653,277	3,259,719
Other activities	426,450	349,266	361,546	927,938
Operating Grants and Contributions	100,164,260	95,638,896	100,872,983	102,137,420
Total Governmental Activities	106,260,970	101,925,603	107,317,040	109,465,178
Business-type Activities:				
Day care	622,057	701,311	707,771	
Catering	86,687	101,766	110,851	
After school program	474,334	485,047	536,175	
Total Business-type Activities	1,183,078	1,288,124	1,354,797	
Total Primary Government Program Revenues	107,444,048	103,213,727	108,671,837	109,465,178
Net (Expense) / Revenue				
Governmental Activities	(309,921,064)	(324,192,614)	(346,701,669)	(374,459,642)
Business-type Activities	(19,863)	(36,890)	(3,623)	
Total Primary Government Net (Expense)/Revenue	<u>\$ (309,940,927)</u>	<u>\$ (324,229,504)</u>	<u>\$ (346,705,292)</u>	<u>\$ (374,459,642)</u>

Table 2
Page 1 of 2

2016	2017	2018	2019	2020	2021
\$ 323,595,850	\$ 323,339,010	\$ 210,680,241	\$ 343,692,220	\$ 369,471,030	\$ 336,694,839
6,038,741	6,014,371	4,260,558	6,259,287	6,630,207	6,278,424
9,846,015	10,306,912	7,104,042	11,585,018	11,383,189	10,501,353
5,923,828	6,121,757	3,778,615	6,659,739	7,526,941	7,252,395
29,192,617	29,227,302	18,955,036	30,797,304	32,459,654	30,678,447
21,803,257	21,707,641	14,864,150	23,253,221	24,939,502	24,339,175
767,330	798,169	499,619	863,224	916,300	892,728
5,934,561	6,100,445	4,619,996	7,619,484	9,292,877	7,470,763
17,468,065	18,037,089	14,558,943	21,145,693	20,099,638	18,561,258
27,729,179	27,396,057	24,461,496	30,417,392	25,317,338	21,155,713
11,126,399	11,251,353	8,936,595	10,667,819	8,913,180	7,732,743
11,663,942	12,028,568	10,497,468	14,612,640	13,673,857	15,795,407
37,494,956	38,023,090	35,452,396	38,671,219	43,576,471	38,798,840
6,383,575	6,463,237	4,655,532	7,549,429	7,879,435	7,069,335
3,892,917	3,883,204	2,975,205	3,893,457	4,081,597	4,010,611
3,626,540	3,636,526	2,463,453	3,708,433	3,732,839	3,882,190
5,366,245	7,343,896	8,309,075	8,643,564	9,157,802	10,107,477
429,721	622,872	602,700	687,588	682,517	583,740
183,010	217,875	158,281	220,201	201,990	34,049
1,308,740	1,365,922	1,468,656	1,518,323	1,525,294	1,502,789
529,775,488	533,885,296	379,302,057	572,465,255	601,461,658	553,342,276
529,775,488	533,885,296	379,302,057	572,465,255	601,461,658	553,342,276
340,813	541,839	768,684	148,398	16,538	2,279
3,023,312	2,623,686	2,410,989	2,261,953	1,604,789	107,937
3,358,206	3,693,271	3,782,946	4,154,732	2,560,599	1,174,248
1,220,090	1,144,374	1,106,999	1,914,857	2,316,625	1,058,394
109,011,544	104,904,606	13,437,364	129,720,192	133,838,968	142,103,301
116,953,965	112,907,776	21,506,982	138,200,132	140,337,519	144,446,159
116,953,965	112,907,776	21,506,982	138,200,132	140,337,519	144,446,159
(412,821,523)	(420,977,520)	(357,795,075)	(434,265,123)	(461,124,139)	(408,896,117)
\$ (412,821,523)	\$ (420,977,520)	\$ (357,795,075)	\$ (434,265,123)	\$ (461,124,139)	\$ (408,896,117)

Alief Independent School District

Changes in Net Position

***Last Ten Fiscal Years
(Accrual Basis of Accounting)***

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 119,998,495	\$ 121,283,572	\$ 129,409,437	\$ 140,538,965
Property Taxes, Levied for Debt Service	21,862,614	21,041,862	18,965,548	19,348,839
State-aid Formula Grant - Unrestricted	191,062,650	206,278,185	226,119,215	237,669,884
Investment Earnings	326,742	252,319	190,952	248,375
Miscellaneous	1,912,507	1,459,183	1,479,322	870,727
Total Primary Government General Revenues	<u>335,163,008</u>	<u>350,315,121</u>	<u>376,164,474</u>	<u>398,676,790</u>
Business-type Activities:				
After school program			309	
Total Business-type General Revenues			<u>309</u>	
Change in Net Position				
Governmental Activities	25,241,944	26,122,507	29,462,805	24,217,148
Business-type Activities	(19,863)	(36,890)	(3,314)	
Total Primary Government Change in Net Position	<u>\$ 25,222,081</u>	<u>\$ 26,085,617</u>	<u>\$ 29,459,491</u>	<u>\$ 24,217,148</u>

GASB Statement No. 65 was implemented for the year ended August 31, 2014.
2013 and prior have been restated regarding expensing of bond issuance costs.

GASB Statements No. 68 and 71 were implemented for the year ended August 31, 2015.
2014 and prior were not restated for GASB 68 and 71, or for reclassifying the activities of the enterprise funds to the general fund effective September 1, 2014.

GASB Statement No. 75 was implemented for the year ended August 31, 2018.
2017 and prior were not restated for GASB 75.

2016	2017	2018	2019	2020	2021
\$ 147,462,632	\$ 161,740,303	\$ 166,677,280	\$ 171,743,465	\$ 164,818,122	\$ 171,810,375
20,299,350	25,892,314	30,417,304	31,281,476	32,585,163	35,225,110
237,429,267	219,713,729	219,522,152	220,803,920	236,501,649	217,487,972
750,723	2,153,674	3,274,168	5,641,143	3,502,465	235,490
734,696	1,359,629	1,411,392	75,709	1,059,079	1,192,725
406,676,668	410,859,649	421,302,296	429,545,713	438,466,478	425,951,672
(6,144,855)	(10,117,871)	63,507,221	(4,719,410)	(22,657,661)	17,055,555
\$ (6,144,855)	\$ (10,117,871)	\$ 63,507,221	\$ (4,719,410)	\$ (22,657,661)	\$ 17,055,555

Alief Independent School District

Fund Balances of Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 1,098,200	\$ 1,083,326	\$ 1,053,665	\$ 1,035,827
Committed	15,500,000	15,500,000	15,500,000	15,500,000
Assigned	6,101,868	5,817,065	6,357,459	7,001,735
Unassigned	69,779,862	76,370,475	82,399,942	78,875,783
Total General Fund	<u><u>\$ 92,479,930</u></u>	<u><u>\$ 98,770,866</u></u>	<u><u>\$ 105,311,066</u></u>	<u><u>\$ 102,413,345</u></u>
All Other Governmental Funds				
Reserved, reported in:				
Special Revenue Fund				
Debt Service Fund				
Capital Projects Fund				
Restricted, reported in:				
Special Revenue Fund	\$ 6,768,978	\$ 8,025,295	\$ 9,968,931	\$ 7,249,954
Debt Service Fund	8,168,192	11,550,945	14,908,133	17,172,934
Capital Projects Fund	1,746,599	10,490,912	3,376,613	2,255,927
Committed, reported in:				
Special Revenue Fund	974,721	1,085,085	1,217,779	1,259,718
Capital Projects Fund	4,538,338	5,751,043	14,131,390	22,528,682
Total All Other Governmental Funds	<u><u>\$ 22,196,828</u></u>	<u><u>\$ 36,903,280</u></u>	<u><u>\$ 43,602,846</u></u>	<u><u>\$ 50,467,215</u></u>

GASB Statement No. 54 was implemented for the year ended August 31, 2011.

2014 and prior were not restated for reclassifying the activities of the enterprise funds to the general fund effective September 1, 2014.

Table 3

2016	2017	2018	2019	2020	2021
\$ 907,959	\$ 863,136	\$ 942,860	\$ 871,283	\$ 2,115,127	\$ 1,396,988
15,500,000	15,500,000	15,500,000	15,500,000	15,500,000	15,500,000
6,244,603	6,095,663	5,791,983	6,930,740	8,140,898	7,258,824
76,691,984	69,532,132	71,761,614	76,994,579	65,365,918	84,869,263
<u>\$ 99,344,546</u>	<u>\$ 91,990,931</u>	<u>\$ 93,996,457</u>	<u>\$ 100,296,602</u>	<u>\$ 91,121,943</u>	<u>\$ 109,025,075</u>
\$ 5,995,704	\$ 6,700,383	\$ 5,531,956	\$ 5,298,734	\$ 1,799,912	\$ 814,273
19,199,352	20,158,506	20,289,957	23,408,583	27,034,228	28,671,541
56,785,438	60,477,843	34,888,263	61,822,856	78,785,804	102,882,259
1,259,813	1,269,213	1,478,248	1,688,294	1,725,528	1,796,387
8,740,462	4,808,028	3,710,210	2,486,356	1,676,277	1,258,510
<u>\$ 91,980,769</u>	<u>\$ 93,413,973</u>	<u>\$ 65,898,634</u>	<u>\$ 94,704,823</u>	<u>\$ 111,021,749</u>	<u>\$ 135,422,970</u>

Alief Independent School District

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
Revenues				
Local sources	\$ 148,703,460	\$ 149,677,109	\$ 156,915,792	\$ 169,151,626
State program revenues	221,263,584	237,156,706	261,862,774	272,060,466
Federal program revenues	70,149,302	65,124,258	65,013,842	68,234,202
Total Revenues	440,116,346	451,958,073	483,792,408	509,446,294
Expenditures				
Current:				
Instruction	237,627,758	248,092,841	263,213,678	286,701,766
Instructional resources and media services	4,852,212	4,785,282	4,821,148	5,139,106
Curriculum & instructional staff development	6,942,342	6,388,270	7,787,509	8,639,325
Instructional leadership	4,226,768	4,275,903	5,004,511	5,494,932
School leadership	23,579,038	23,849,161	24,711,316	26,361,597
Guidance, counseling, & evaluation services	15,471,593	15,136,781	17,322,466	19,377,980
Social work services	615,482	555,212	521,787	617,678
Health services	3,775,720	3,943,600	4,561,262	5,102,016
Student transportation	13,245,120	13,750,535	14,127,990	15,429,262
Food services	22,383,579	24,318,429	23,377,848	24,480,712
Extracurricular activities	6,007,965	6,496,649	8,274,752	9,904,877
Administrative and support services	7,318,509	7,204,939	7,715,128	8,228,857
Facilities maintenance and operations	35,114,324	33,671,488	34,569,046	35,797,024
Security and monitoring services	5,150,800	5,049,496	5,653,567	5,837,078
Data processing services	2,931,028	2,926,067	3,254,822	3,147,875
Community services	1,330,970	1,462,468	2,202,425	3,219,857
Debt service:				
Debt service - principal on long-term debt	20,025,000	19,580,000	18,564,863	18,283,793
Debt service - interest on long-term debt	8,034,542	6,664,199	7,157,462	6,158,067
Bond issuance costs and fees	167,909	450,267	125,498	280,258
Capital outlay:				
Facilities acquisition and construction	11,479,041	12,196,204	15,759,408	25,782,079
Intergovernmental charges:				
Payments to shared services arrangements	381,853	379,426	424,170	426,523
Payments to Juvenile Justice Alt. Ed. Prog.	233,061	142,318	411,477	183,318
Payments to appraisal district	1,161,250	1,139,493	1,113,193	1,249,730
Total Expenditures	432,055,864	442,459,028	470,675,326	515,843,710
Excess (Deficiency) of Revenues Over Expenditures	8,060,482	9,499,045	13,117,082	(6,397,416)
Other Financing Sources (Uses)				
Capital-related debt issued (general obligation bonds)		14,630,000		9,430,000
Proceeds from capital leases				
Transfers in	10,000,000	3,846,002	16,022,410	16,993,214
Premium on issuance of bonds	809,986	3,068,814	1,647,584	1,281,909
Proceeds from refunding bonds	15,680,000	26,895,000	15,830,000	9,255,000
Transfers out	(10,000,000)	(7,846,002)	(16,022,410)	(16,993,214)
Payment to refunded bond escrow agent	(16,314,205)	(29,095,471)	(17,354,900)	(9,842,808)
Total Other Financing Sources (Uses)	175,781	11,498,343	122,684	10,124,101
Net Change in Fund Balances	\$ 8,236,263	\$ 20,997,388	\$ 13,239,766	\$ 3,726,685
Debt Service as a Percentage of Noncapital Expenditures	6.69%	6.11%	5.67%	4.98%

2014 and prior were not restated for reclassifying the activities of the enterprise funds to the general fund effective September 1, 2014.

Table 4

2016	2017	2018	2019	2020	2021
\$ 178,028,461	\$ 198,734,289	\$ 209,607,338	\$ 218,015,755	\$ 207,803,056	\$ 209,133,693
265,330,584	248,492,720	247,292,311	259,096,327	269,644,693	249,234,956
71,440,171	72,324,331	78,371,128	76,642,078	81,665,318	108,353,936
514,799,216	519,551,340	535,270,777	553,754,160	559,113,067	566,722,585
298,270,627	304,529,489	302,492,383	311,440,531	331,914,502	318,791,002
5,300,552	5,365,624	5,436,312	5,383,393	5,672,677	5,594,328
9,507,760	10,009,897	9,885,966	10,842,832	10,480,877	10,094,027
5,615,785	5,973,173	5,744,014	6,128,050	6,761,868	7,153,628
27,764,846	28,217,665	28,508,890	28,519,563	29,924,825	29,873,871
20,924,310	21,071,423	21,751,931	21,683,586	23,037,909	23,826,097
743,620	761,868	755,112	790,821	835,451	884,310
5,652,235	5,898,917	6,592,311	7,131,192	8,788,709	7,304,102
17,990,848	15,732,185	16,864,618	18,095,092	17,155,376	16,125,760
27,247,426	26,335,320	27,142,384	28,701,226	23,658,949	19,903,594
10,327,846	10,485,735	10,265,038	9,794,892	7,906,633	7,004,318
8,627,244	8,651,481	8,714,911	8,567,585	9,298,984	12,241,779
37,006,582	36,311,772	37,923,569	36,315,289	41,427,688	37,384,263
6,284,081	7,498,576	6,866,302	7,089,194	7,452,457	7,144,754
3,592,608	3,460,087	3,612,752	3,514,463	3,583,694	3,717,167
3,518,074	3,563,419	3,401,596	3,523,191	3,554,088	3,838,872
18,275,000	20,787,122	23,568,870	21,585,776	20,377,844	22,545,000
5,212,715	7,644,193	9,474,330	9,775,993	10,619,644	11,851,179
794,103	723,495	244,949	486,766	3,107,576	1,976,325
24,424,329	82,688,271	57,651,198	34,901,124	44,723,941	41,788,206
429,721	622,872	602,700	687,588	682,517	583,740
183,010	217,875	158,281	220,201	201,990	34,049
1,308,740	1,365,922	1,468,656	1,518,323	1,525,294	1,502,771
539,002,062	607,916,381	589,127,073	576,696,671	612,693,493	591,163,142
(24,202,846)	(88,365,041)	(53,856,296)	(22,942,511)	(53,580,426)	(24,440,557)
55,660,000	75,025,000	26,345,000	51,925,000	51,815,000	57,835,000
1,215,000	1,189,611				
8,635,505	6,230,019	2,001,483	6,426,707	6,302,693	7,414,037
15,130,000			6,445,000	2,605,000	1,360,000
(1,215,000)					
(16,777,904)			(6,747,862)		
62,647,601	82,444,630	28,346,483	58,048,845	60,722,693	66,609,037
\$ 38,444,755	\$ (5,920,411)	\$ (25,509,813)	\$ 35,106,334	\$ 7,142,267	42,168,480
4.59%	5.42%	6.19%	5.79%	5.46%	6.26%

Revenue Capacity

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

Alief Independent School District

Table 5

***Assessed Value and
Actual Value of Taxable Property***

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Appraised Value			Taxable Assessed Value	Total Direct Rate (1)
	Real Property Value	Personal Property Value	Less Exemptions		
2012	\$ 11,075,566,762	\$ 1,241,639,739	\$ 1,748,633,343	\$ 10,568,573,158	\$ 1.3300
2013	11,221,851,962	1,263,132,509	1,755,490,077	10,729,494,394	1.3200
2014	11,912,698,464	1,408,178,476	1,836,574,072	11,484,302,868	1.2900
2015	13,161,503,875	1,505,887,372	2,077,654,763	12,589,736,484	1.2800
2016	14,417,102,695	1,512,545,875	2,568,822,320	13,360,826,250	1.2800
2017	15,345,530,857	1,584,123,216	2,493,291,391	14,436,362,682	1.3050
2018	15,961,603,019	1,498,192,502	2,486,954,468	14,972,841,053	1.3300
2019	16,333,942,752	1,438,480,964	2,460,843,114	15,311,580,602	1.3300
2020	17,306,768,911	1,452,897,204	2,605,892,142	16,153,773,973	1.2441
2021	17,471,107,064	1,411,759,766	2,584,816,465	16,298,050,365	1.2048

(1) Tax rates are per \$100 of assessed value.

Source: Harris County Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority.

Alief Independent School District

Property Tax Rates - Direct and Overlapping Governments (per \$100 of Assessed Value)

Last Ten Fiscal Years

Taxing Authority	2012	2013	2014	2015
<u>Overlapping Rates:</u>				
Beechnut MUD	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.810
Bissonnet MUD	0.620	0.630	0.630	0.590
Chelford City MUD	0.430	0.430	0.430	0.425
Chelford One MUD	0.530	0.565	0.565	0.565
Harris County *	0.637	0.637	0.636	0.636
Harris County MUD 120	0.730	0.700	0.680	0.640
Harris County MUD 147	0.900	0.940	0.940	0.910
Harris County MUD 158	0.420	0.420	0.450	0.500
Harris County MUD 359	0.305	0.305	0.300	0.270
Harris County MUD 372	0.190	0.190	0.190	0.175
Houston, City of	0.639	0.639	0.639	0.631
Houston Community College System	0.097	0.097	0.097	0.107
Kingsbridge MUD	0.780	0.780	0.780	0.780
Mission Bend MUD 1	0.250	0.250	0.280	0.280
Mission Bend MUD 2	0.850	0.850	0.850	0.840
Renn Road MUD	0.690	0.760	0.760	0.750
West Harris County MUD 4	1.060	1.090	1.090	1.090
West Harris County MUD 6	0.760	0.760	0.650	0.550
West Keegans Bayou ID	0.111	0.100	0.100	0.100
Total	<u>\$ 10.849</u>	<u>\$ 10.993</u>	<u>\$ 10.917</u>	<u>\$ 10.649</u>
<u>District Direct Rates:</u>				
Maintenance & Operations	\$ 1.125	\$ 1.125	\$ 1.125	\$ 1.125
Debt Service	0.205	0.195	0.165	0.155
Total District Direct Rates	<u>\$ 1.330</u>	<u>\$ 1.320</u>	<u>\$ 1.290</u>	<u>\$ 1.280</u>

* Includes Harris County, Harris County Department of Education, Harris County Flood Control District, Harris County Hospital District, and the Port of Houston Authority

Source: District's Tax Office

Table 6

2016	2017	2018	2019	2020	2021
\$ 0.720	\$ 0.710	\$ 0.650	\$ 0.620	\$ 0.600	\$ 0.590
0.570	0.570	0.570	0.560	0.560	0.560
0.425	0.400	0.390	0.370	0.365	0.350
0.535	0.515	0.490	0.490	0.490	0.475
0.635	0.635	0.635	0.635	0.617	0.604
0.580	0.520	0.500	0.480	0.455	0.440
0.890	0.840	0.810	0.565	0.700	0.530
0.550	0.540	0.532	0.490	0.460	0.430
0.260	0.190	0.160	0.150	0.145	0.145
0.165	0.160	0.160	0.160	0.160	0.168
0.601	0.586	0.584	0.588	0.568	0.562
0.102	0.100	0.100	0.100	0.100	0.100
0.710	0.660	0.600	0.560	0.550	0.510
0.278	0.260	0.258	0.240	0.238	0.230
0.797	0.750	0.669	0.629	0.625	0.625
0.750	0.720	0.700	0.700	0.710	0.710
1.080	1.000	1.000	1.000	1.000	1.000
0.400	0.300	0.250	0.250	0.250	0.240
0.095	0.094	0.094	0.094	0.094	0.091
<u>\$ 10.143</u>	<u>\$ 9.550</u>	<u>\$ 9.152</u>	<u>\$ 8.681</u>	<u>\$ 8.687</u>	<u>\$ 8.360</u>
\$ 1.125	\$ 1.125	\$ 1.125	\$ 1.125	\$ 1.0391	\$ 0.9998
0.155	0.180	0.205	0.205	0.205	0.205
<u>\$ 1.280</u>	<u>\$ 1.305</u>	<u>\$ 1.330</u>	<u>\$ 1.330</u>	<u>\$ 1.2441</u>	<u>\$ 1.2048</u>

Alief Independent School District

Table 7

Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Shell Oil Co.	\$ 346,011,755	1	2.1 %	\$ 218,561,382	1	2.1 %
Columbia Texas Westchase/ Parkland LLC	158,724,251	2	1.0			
FSP Westchase LLC	142,419,200	3	0.9			
Woodbranch Millennium 2 LLC	132,609,872	4	0.8			
Centerpoint Energy Inc.	120,965,948	5	0.7	104,425,205	2	1.0
CHCA West Houston LP	107,300,433	6	0.7	77,660,980	4	0.7
Camden Property Trust	102,140,929	7	0.6	68,771,398	8	0.7
Jacobs Engineering Group Inc.	98,870,035	8	0.6	75,572,185	5	0.7
Pinnacle Owner Corp.	86,857,440	9	0.5			
Lexington Lion Houston LP	80,028,751	10	0.5			
Granite Westchase Partner				88,610,309	3	0.8
Wal Mart				71,757,793	6	0.7
Halliburton				70,948,776	7	0.7
GCCFC 2007 CC9 Westchase				53,057,770	9	0.5
3150 Briarpark LP				46,600,000	10	0.4
Totals	<u>\$ 1,375,928,614</u>		<u>8.4 %</u>	<u>\$ 875,965,798</u>		<u>8.3 %</u>

(1) Assessed (taxable) value equals appraised value after exemptions

(2) Total assessed value equals: \$ 16,298,050,365

(3) Total assessed value equals: \$ 10,568,573,158

Source: Harris County Appraisal District

Alief Independent School District

Table 8

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Net Tax Levy for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2012	\$ 140,559,360	\$ 138,529,174	98.6 %	\$ 1,650,281	\$ 140,179,455	99.7 %
2013	141,429,321	139,818,581	98.9	1,259,138	141,077,719	99.8
2014	148,189,689	146,589,781	98.9	1,236,278	147,826,059	99.8
2015	161,290,407	159,319,952	98.8	1,511,475	160,831,427	99.7
2016	171,115,919	169,208,730	98.9	1,392,136	170,600,866	99.7
2017	188,492,766	186,333,430	98.9	1,556,939	187,890,369	99.7
2018	199,071,910	196,826,567	98.9	1,074,803	197,901,370	99.4
2019	203,644,022	201,577,172	99.0	983,541	202,560,713	99.5
2020	200,969,102	198,700,220	98.9	1,399,235	200,099,455	99.6
2021	208,016,254	205,256,666	98.7	-	205,256,666	98.7

(1) Appraised value less exemptions equal taxable assessed value. The beginning taxable value net of adjustments times the tax rate set by the District's Board of Trustees each year equals the total net tax levy. The tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

Source: District records

Debt Capacity

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

Alief Independent School District

Table 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended August 31,	General Obligation Bonds	Capital Leases	Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per Student (2)
2012	\$ 204,269,970	\$ -	\$ 204,269,970	1.93 %	\$ 4,493
2013	201,212,389	-	201,212,389	1.88	4,396
2014	180,887,337	-	180,887,337	1.58	3,906
2015	171,306,157	-	171,306,157	1.36	3,616
2016	214,561,655	-	214,561,655	1.61	4,535
2017	273,490,672	902,489	274,393,161	1.90	5,897
2018	276,516,129	608,619	277,124,748	1.85	5,979
2019	311,110,254	307,843	311,418,097	2.03	6,719
2020	346,612,378	-	346,612,378	2.15	7,598
2021	384,805,007	-	384,805,007	2.36	9,134

(1) See Table 5 for assessed value data.

(2) See Table 15 for student enrollment data.

GASB Statement No. 65 was implemented for the year ended August 31, 2014.
2013 and prior have been restated regarding expensing of bond issuance costs.

Alief Independent School District

Table 10

Ratios of Net General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Gross Bonded Debt	Less Restricted for Retirement of Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (1)	Net Bonded Debt per Student (2)
2012	\$ 204,269,970	\$ 8,168,192	\$ 196,101,778	1.86 %	\$ 4,313
2013	201,212,389	11,550,945	189,661,444	1.77	4,144
2014	180,887,337	14,908,133	165,979,204	1.45	3,584
2015	171,306,157	17,172,934	154,133,223	1.22	3,253
2016	214,561,655	19,199,352	195,362,303	1.46	4,129
2017	273,490,672	20,158,506	253,332,166	1.75	5,444
2018	276,516,129	20,289,957	256,226,172	1.71	5,528
2019	346,612,378	23,408,583	323,203,795	2.00	7,085
2020	346,612,378	27,034,228	319,578,150	1.98	6,994
2021	384,805,007	28,671,541	356,133,466	2.19	8,453

(1) See Table 5 for assessed value data.

(2) See Table 15 for student enrollment data.

GASB Statement No. 65 was implemented for the year ended August 31, 2014. 2013 and prior have been restated regarding expensing of bond issuance costs.

Alief Independent School District

Table 11

Computation of Estimated Direct and Overlapping Debt

August 31, 2021

Taxing Body	Gross Debt Outstanding	Percent Overlapping	Amount Overlapping
Beechnut MUD	\$ 2,100,000	100.00 %	\$ 2,100,000
Bissonnet MUD	17,455,000	100.00	17,455,000
Chelford City MUD	8,740,000	43.65	3,815,010
Chelford One MUD	6,875,000	100.00	6,875,000
Harris County	1,672,657,125	3.10	51,852,371
Harris County Dept. of Education	20,185,000	3.10	625,735
Harris County Flood Control District	334,270,000	3.10	10,362,370
Harris County Hospital District	81,540,000	3.10	2,527,740
Harris County MUD 120	6,735,000	100.00	6,735,000
Harris County MUD 158	6,940,000	100.00	6,940,000
Harris County MUD 359	2,790,000	100.00	2,790,000
Harris County MUD 372	4,130,000	100.00	4,130,000
Houston Community College	492,485,000	7.21	35,508,169
Houston, City of	3,209,025,000	4.79	153,712,298
Kingsbridge MUD	15,500,000	3.07	475,850
Mission Bend MUD 1	2,020,000	46.71	943,542
Mission Bend MUD 2	4,230,000	100.00	4,230,000
Port of Houston Authority	492,439,397	3.10	15,265,621
Renn Road MUD	7,575,000	67.24	5,093,430
West Harris County MUD 4	1,085,000	81.80	887,530
Total Net Overlapping Debt			<u>332,324,665</u>
<u>Direct:</u>			
Alief Independent School District Gross Debt			<u>384,805,007</u>
Total Direct and Overlapping Debt			<u><u>\$ 717,129,672</u></u>

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Parentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Source: The Municipal Advisory Council of Texas

Demographic and Economic Information

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

Alief Independent School District

Table 12

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Residential Units (1)	Average Assessed Value per Residential Unit (1)	Median Household Income (2)	Estimated Population (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2012	46,873	\$ 117,747	\$ 51,289	4,253,700	\$ 53,098	7.4 %
2013	46,972	115,739	52,489	4,336,853	51,664	6.3
2014	47,034	118,079	54,178	4,441,370	54,624	5.5
2015	47,183	130,467	56,629	4,538,028	54,100	4.4
2016	47,173	142,292	56,377	4,589,928	50,678	5.0
2017	47,380	154,668	58,645	4,652,980	54,325	5.4
2018	47,662	165,800	59,396	4,698,619	58,157	4.6
2019	47,834	173,178	60,146	4,713,325	60,002	3.9
2020	47,900	194,835	61,618	4,731,145	60,183	8.1
2021	48,111	211,810	62,843	Not Available	Not Available	6.1

(1) Source: Harris County Appraisal District

(2) Source: U.S. Census Bureau

(3) Source: Federal Reserve Bank of St. Louis

(4) Source: TRACER of Texas Workforce Commission

The data is for Harris County and the most recent information is not available yet.

The District is located within Houston, Texas and there is not a source for obtaining the information specially for the District.

Alief Independent School District

Table 13

Principal Employers

Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Stores, Inc.	37,000	1	1.15 %			%
Memorial Hermann Health System	24,108	2	0.75	20,000	1	0.75
H-E-B Grocery Co.	23,732	3	0.74	17,627	3	0.66
UT MDA Cancer Center	21,086	4	0.65	18,670	2	0.70
McDonald's Corp.	20,918	5	0.65	14,880	5	0.55
Houston Methodist Hospital System	20,000	6	0.62			
Kroger Co.	16,000	7	0.50	14,828	6	0.55
United Airlines	14,941	8	0.46	16,665	4	0.62
Schlumberger	12,069	9	0.37	10817	9	0.4
Shell Oil Co.	11,507	10	0.36			
Exxon Mobil Corp.				14,400	7	0.54
Methodist Hospital System				14,300	8	0.53
UT Medical Branch - Galveston				10,714	10	0.40

Source: Employment numbers were obtained from the Houston Newcomer Guides for Greater City of Houston area.

The District is located within Houston, Texas and there is not a source for obtaining the information specifically for the District.

Percentage of total employment was calculated using total non-agricultural employment for the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA) and was obtained from the TRACER of Texas Workforce Commission.

Operating Information

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

Alief Independent School District

Full-Time Equivalent District Employees by Position

Last Ten Fiscal Years

Position:	2012	2013	2014	2015
Professional Staff				
Teachers	2,968	3,102	3,135	3,261
Support Staff				
Counselors	109	110	118	127
Educational Diagnosticians	35	33	38	38
Librarians	42	42	39	39
Nurses	48	42	32	36
Psychologists	19	21	10	13
Therapists	34	35	37	36
Other Support Staff	240	169	185	199
Subtotal	527	452	459	488
Administrators				
Administrative/Instructional Officers	7	8	10	11
Assistant Principals	109	110	108	113
Assistant Superintendents	8	8	9	8
Principals	45	45	45	45
Superintendent	1	1	1	1
Teacher Supervisors	37	43	44	51
Subtotal	207	215	217	229
Total Professional Staff	3,702	3,769	3,811	3,978
Educational Aides	488	562	548	527
Auxiliary Staff	1,696	1,637	1,715	1,730
Total Employees	5,886	5,968	6,074	6,235

Source: Texas Education Agency website

Table 14

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>3,329</u>	<u>3,377</u>	<u>3,283</u>	<u>3,260</u>	<u>3,253</u>	<u>3,276</u>
128	129	133	130	132	138
43	22	24	25	40	47
38	40	39	42	41	40
41	66	49	50	51	50
12	8	6	6	10	16
31	32	43	48	49	53
200	219	220	204	222	224
<u>493</u>	<u>516</u>	<u>514</u>	<u>505</u>	<u>545</u>	<u>568</u>
10	15	18	20	20	20
118	115	118	121	127	125
8	10	8	8	9	9
45	45	46	46	46	45
1	1	1	1	1	1
53	71	71	73	53	48
<u>235</u>	<u>257</u>	<u>262</u>	<u>269</u>	<u>256</u>	<u>248</u>
4,057	4,150	4,059	4,034	4,054	4,092
548	519	613	618	700	715
<u>1,786</u>	<u>1,871</u>	<u>1,735</u>	<u>1,697</u>	<u>1,702</u>	<u>1,652</u>
<u><u>6,391</u></u>	<u><u>6,540</u></u>	<u><u>6,407</u></u>	<u><u>6,349</u></u>	<u><u>6,456</u></u>	<u><u>6,459</u></u>

Alief Independent School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Average Daily Attendance</u>	<u>Operating Expenditures (1)</u>	<u>Cost per Student</u>	<u>Percentage Change</u>
2012	45,464	41,987	\$ 391,284,615	\$ 9,319	(5.8) %
2013	45,773	42,308	402,843,431	9,522	2.2
2014	46,313	42,772	427,472,163	9,994	5.0
2015	47,376	43,548	466,089,893	10,703	7.1
2016	47,316	44,026	486,950,404	11,061	3.3
2017	46,531	43,014	495,026,808	11,509	4.1
2018	46,348	42,730	500,163,282	11,705	1.7
2019	45,616	42,020	509,955,957	12,136	3.7
2020	45,692	41,527	533,799,963	12,854	5.9
2021	42,131	37,632	513,478,377	13,645	6.1

(1) Operating expenditures are total expenditures less debt service and capital outlay.

(2) GASB Statement No. 65 was implemented for the year ended August 31, 2014. 2013 and prior have been restated regarding expensing of bond issuance costs.

GASB Statements No. 68 and 71 were implemented for the year ended August 31, 2015. 2014 and prior were not restated for GASB 68 and 71, and reclassifying the activities of the enterprise funds to the general fund effective September 1, 2014.

GASB Statement No. 75 was implemented for the year ended August 31, 2018. 2017 and prior were not restated for GASB 75.

Source: District records

Table 15

Government Wide Expenses (2)	Cost per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
416,182,034	\$ 9,912	(5.1) %	2,968	15.3	80.8 %
426,118,217	10,072	1.6	3,102	14.8	81.7
454,018,709	10,615	5.4	3,135	14.8	80.9
483,924,820	11,112	4.7	3,261	14.5	80.3
529,775,488	12,033	8.3	3,377	14.2	80.4
533,885,296	12,412	3.1	3,377	13.8	82.6
379,302,057	8,877	(28.5)	3,283	14.1	79.7
572,465,255	13,624	53.5	3,260	14.0	84.4
601,461,658	14,484	6.3	3,253	14.0	87.3
553,342,276	14,704	1.5	3,276	12.9	86.4

Alief Independent School District

Table 16

Teacher Base Salaries

Last Ten Fiscal Years

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	County Average Salary (2)	Statewide Average Salary (2)
2012	\$ 46,000	\$ 76,881	\$ 50,536	\$ 48,375
2013	46,000	75,492	51,124	48,821
2014	47,300	76,903	52,356	49,692
2015	50,000	79,753	54,284	50,715
2016	52,000	82,053	55,791	51,892
2017	52,800	78,414	55,888	52,525
2018	53,600	84,457	56,943	53,334
2019	53,600	84,457	57,423	54,122
2020	57,400	93,071	60,160	57,091
2021	59,700	93,071	60,675	57,641

(1) Source: District records

(2) Source: Texas Education Agency website

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Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	2012	2013	2014	2015
High Schools				
Hastings (1973)				
Square footage	495,243	495,243	495,243	495,243
Capacity	7,455	7,455	7,455	7,455
Enrollment	3,202	3,212	3,302	3,299
Elsik (1981)				
Square footage	505,830	505,830	505,830	505,830
Capacity	7,282	7,282	7,282	7,282
Enrollment	3,295	3,302	3,292	3,321
Taylor (2001)				
Square footage	502,000	502,000	502,000	502,000
Capacity	3,000	3,000	3,000	3,000
Enrollment	2,840	2,834	2,895	3,084
Kerr (1994)				
Square footage	122,682	122,682	122,682	122,682
Capacity	800	800	800	800
Enrollment	778	800	809	787
Hastings Ninth Grade Center (1999)				
Square footage	190,572	190,572	190,572	190,572
Capacity	2,654	2,654	2,654	2,654
Enrollment	1,005	988	930	937
Elsik Ninth Grade Center (1999)				
Square footage	190,572	190,572	190,572	190,572
Capacity	2,654	2,654	2,654	2,654
Enrollment	985	1,001	971	1,026
Annex (1987)				
Square footage	105,946	105,946	105,946	105,946
Capacity	*	*	*	*
Enrollment	*	*	*	*
Alief Learning Center (1994)				
Square footage	84,000	84,000	84,000	84,000
Capacity	728	728	728	728
Enrollment	204	163	151	137
Center for Advanced Careers (2018)				
Square footage				
Capacity				
Enrollment				
Middle Schools				
Alief (1968)				
Square footage	222,579	222,579	222,579	222,579
Capacity	1,380	1,380	1,380	1,380
Enrollment	916	941	982	992
Olle (1974)				
Square footage	152,317	152,317	152,317	152,317
Capacity	1,450	1,450	1,450	1,450
Enrollment	954	1,052	1,098	1,101

* Enrollment and capacity are included with the respective high school campus.

Source: District records

Table 17
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2016	2017	2018	2019	2020	2021
495,243	495,243	495,243	495,243	495,243	495,243
7,455	7,455	7,455	7,455	7,455	7,455
3,266	3,436	3,422	3,461	3,510	3,563
505,830	505,830	505,830	505,830	505,830	505,830
7,282	7,282	7,282	7,282	7,282	7,282
3,400	3,498	3,552	3,559	3,606	3,490
502,000	502,000	503,000	503,000	503,000	503,000
3,000	3,000	3,000	3,000	3,000	3,000
3,079	3,227	3,210	3,118	3,111	2,967
122,682	122,682	156,260	156,260	156,260	156,260
800	800	800	800	800	800
809	804	806	796	791	809
190,572	190,572	190,572	190,572	190,572	190,572
2,654	2,654	2,654	2,654	2,654	2,654
1,005	966	997	867	1,105	1,052
190,572	190,572	190,572	190,572	190,572	190,572
2,654	2,654	2,654	2,654	2,654	2,654
1,081	1,053	1,019	1,051	1,101	1,011
105,946	105,946	105,946	105,946	105,946	105,946
*	*	*	*	*	*
*	*	*	*	*	*
84,000	84,000	84,000	84,000	84,000	84,000
728	728	728	728	728	728
173	146	130	150	109	15
		216,000	216,000	216,000	216,000
		*	*	*	*
		*	*	*	*
222,579	222,579	235,533	235,533	235,533	235,533
1,380	1,380	1,380	1,380	1,380	1,380
965	948	965	1,002	1,017	872
152,317	152,317	172,656	172,656	172,656	172,656
1,450	1,450	1,450	1,450	1,450	1,450
1,139	1,143	1,095	1,066	1,195	1,125

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	2012	2013	2014	2015
Middle Schools (cont.)				
Killough (1976)				
Square footage	191,540	191,540	191,540	191,540
Capacity	1,784	1,784	1,784	1,784
Enrollment	993	938	969	1,046
Holub (1981)				
Square footage	171,442	171,442	171,442	171,442
Capacity	1,620	1,620	1,620	1,620
Enrollment	879	893	876	868
Albright (1983)				
Square footage	174,145	174,145	174,145	174,145
Capacity	1,620	1,620	1,620	1,620
Enrollment	1,186	1,245	1,252	1,265
O'Donnell (1993)				
Square footage	192,655	192,655	192,655	192,655
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,273	1,233	1,273	1,271
Intermediate Schools				
Owens (1994)				
Square footage	112,693	112,693	112,693	112,693
Capacity	1,323	1,323	1,323	1,323
Enrollment	1,002	1,026	1,041	1,099
Klentzman (1995)				
Square footage	112,693	112,693	112,693	112,693
Capacity	1,634	1,634	1,634	1,634
Enrollment	994	948	964	1,044
Youngblood (1996)				
Square footage	110,093	110,093	110,093	110,093
Capacity	2,365	2,365	2,365	2,365
Enrollment	1,140	1,148	1,105	1,113
Mata (1999)				
Square footage	111,226	111,226	111,226	111,226
Capacity	2,695	2,695	2,695	2,695
Enrollment	826	819	815	813
Miller (2000)				
Square footage	119,419	119,419	119,419	119,419
Capacity	1,284	1,284	1,284	1,284
Enrollment	898	917	923	875
Budewig (2003)				
Square footage	115,400	115,400	115,400	115,400
Capacity	1,250	1,250	1,250	1,250
Enrollment	1,165	1,224	1,173	1,202

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2016	2017	2018	2019	2020	2021
191,540	191,540	205,468	205,468	205,468	205,468
1,784	1,784	1,784	1,784	1,784	1,784
995	898	989	1,003	890	846
171,442	171,442	186,457	186,457	186,457	186,457
1,620	1,620	1,620	1,620	1,620	1,620
867	887	923	900	919	847
174,145	174,145	195,203	195,203	195,203	195,203
1,620	1,620	1,620	1,620	1,620	1,620
1,200	1,099	1,150	1,190	1,152	1,162
192,655	192,655	211,359	211,359	211,359	211,359
1,400	1,400	1,400	1,400	1,400	1,400
1,264	1,259	1,320	1,381	1,396	1,347
112,693	112,693	115,381	115,381	115,381	115,381
1,323	1,323	1,323	1,323	1,323	1,323
1,129	1,104	1,074	980	1,030	932
112,693	112,693	112,693	112,693	112,693	112,693
1,634	1,634	1,634	1,634	1,634	1,634
1,046	1,056	1,063	989	950	904
110,093	110,093	112,781	112,781	112,781	112,781
2,365	2,365	2,365	2,365	2,365	2,365
1,074	1,113	1,047	1,054	1,047	921
111,226	111,226	112,570	112,570	112,570	112,570
2,695	2,695	2,695	2,695	2,695	2,695
875	829	822	884	950	872
119,419	119,419	119,419	119,419	119,419	119,419
1,284	1,284	1,284	1,284	1,284	1,284
923	923	939	965	971	888
115,400	115,400	115,400	115,400	115,400	115,400
1,250	1,250	1,250	1,250	1,250	1,250
1,192	1,225	1,288	1,338	1,350	1,222

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	2012	2013	2014	2015
Elementary Schools (cont.)				
Youens (1965)				
Square footage	101,977	101,977	101,977	101,977
Capacity	1,286	1,286	1,286	1,286
Enrollment	1,069	1,062	1,006	1,002
Boone (1969)				
Square footage	115,282	115,282	115,282	115,282
Capacity	1,176	1,176	1,176	1,176
Enrollment	828	839	894	906
Martin (1970)				
Square footage	99,000	99,000	99,000	99,000
Capacity	1,128	1,128	1,128	1,128
Enrollment	932	931	926	964
Chambers (1971)				
Square footage	101,832	101,832	101,832	101,832
Capacity	1,200	1,200	1,200	1,200
Enrollment	656	683	756	788
Smith (1972)				
Square footage	115,419	115,419	115,419	115,419
Capacity	1,093	1,093	1,093	1,093
Enrollment	725	751	806	886
Mahanay (1973)				
Square footage	102,995	102,995	102,995	102,995
Capacity	1,384	1,384	1,384	1,384
Enrollment	704	721	713	793
Kennedy (1975)				
Square footage	100,034	100,034	100,034	100,034
Capacity	1,376	1,376	1,376	1,376
Enrollment	842	837	797	811
Chancellor (1977)				
Square footage	104,573	104,573	104,573	104,573
Capacity	1,376	1,376	1,376	1,376
Enrollment	763	785	780	847
Liestman (1978)				
Square footage	99,916	99,916	99,916	99,916
Capacity	1,251	1,251	1,251	1,251
Enrollment	925	883	878	905
Petrosky (1979)				
Square footage	98,221	98,221	98,221	98,221
Capacity	1,176	1,176	1,176	1,176
Enrollment	633	672	673	650
Heflin (1981)				
Square footage	85,964	85,964	85,964	85,964
Capacity	1,001	1,001	1,001	1,001
Enrollment	769	744	753	828
Cummings (1983)				
Square footage	91,822	91,822	91,822	91,822
Capacity	1,076	1,076	1,076	1,076
Enrollment	545	586	602	646

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2016	2017	2018	2019	2020	2021
101,977	101,977	110,233	110,233	110,233	110,233
1,286	1,286	1,286	1,286	1,286	1,286
1,000	945	918	899	864	791
115,282	115,282	115,282	115,282	115,282	115,282
1,176	1,176	1,176	1,176	1,176	1,176
915	872	823	807	748	658
99,000	99,000	100,536	100,536	100,536	100,536
1,128	1,128	1,128	1,128	1,128	1,128
910	881	936	880	874	823
101,832	101,832	101,832	101,832	101,832	101,832
1,200	1,200	1,200	1,200	1,200	1,200
763	732	731	695	595	500
115,419	115,419	115,419	115,419	115,419	115,419
1,093	1,093	1,093	1,093	1,093	1,093
887	855	847	826	767	665
102,995	102,995	102,995	102,995	102,995	102,995
1,384	1,384	1,384	1,384	1,384	1,384
705	616	631	597	597	540
100,034	100,034	101,570	101,570	101,570	101,570
1,376	1,376	1,376	1,376	1,376	1,376
794	746	699	726	738	660
104,573	104,573	106,109	106,109	106,109	106,109
1,376	1,376	1,376	1,376	1,376	1,376
1,011	1,013	951	947	909	797
99,916	99,916	104,140	104,140	104,140	104,140
1,251	1,251	1,251	1,251	1,251	1,251
914	834	822	793	725	715
98,221	98,221	102,829	102,829	102,829	102,829
1,176	1,176	1,176	1,176	1,176	1,176
629	587	547	590	656	578
85,964	85,964	85,964	85,964	85,964	85,964
1,001	1,001	1,001	1,001	1,001	1,001
859	886	913	913	893	731
91,822	91,822	91,822	91,822	91,822	91,822
1,076	1,076	1,076	1,076	1,076	1,076
624	617	575	556	527	511

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	2012	2013	2014	2015
Elementary Schools (cont.)				
Rees (1984)				
Square footage	92,424	92,424	92,424	92,424
Capacity	984	984	984	984
Enrollment	686	681	717	730
Alexander (1984)				
Square footage	92,424	92,424	92,424	92,424
Capacity	984	984	984	984
Enrollment	879	831	871	837
Hearne (1987)				
Square footage	97,400	97,400	97,400	97,400
Capacity	1,176	1,176	1,176	1,176
Enrollment	1,080	1,151	1,169	1,020
Landis (1989)				
Square footage	104,523	104,523	104,523	104,523
Capacity	1,760	1,760	1,760	1,760
Enrollment	882	890	952	925
Sneed (1990)				
Square footage	116,991	116,991	116,991	116,991
Capacity	1,756	1,756	1,756	1,756
Enrollment	1,177	1,232	1,190	1,258
Best (1991)				
Square footage	104,532	104,532	104,532	104,532
Capacity	1,785	1,785	1,785	1,785
Enrollment	827	846	879	909
Outley (1994)				
Square footage	94,967	94,967	94,967	94,967
Capacity	1,773	1,773	1,773	1,773
Enrollment	1,050	1,058	1,050	1,072
Hicks (1996)				
Square footage	111,881	111,881	111,881	111,881
Capacity	2,094	2,094	2,094	2,094
Enrollment	755	731	729	876
Bush (1997)				
Square footage	111,881	111,881	111,881	111,881
Capacity	2,086	2,086	2,086	2,086
Enrollment	1,024	961	984	973
Collins (1999)				
Square footage	112,327	112,327	112,327	112,327
Capacity	2,684	2,684	2,684	2,684
Enrollment	1,071	1,090	1,063	1,117
Horn (2005)				
Square footage	110,800	110,800	110,800	110,800
Capacity	1,100	1,100	1,100	1,100
Enrollment	936	963	1,137	1,149
Holmquist (2007)				
Square footage	121,423	121,423	121,423	121,423
Capacity	1,040	1,040	1,040	1,040
Enrollment	1,171	1,161	1,167	1,204

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2016	2017	2018	2019	2020	2021
92,424	92,424	93,960	93,960	93,960	93,960
984	984	984	984	984	984
679	611	602	582	573	500
92,424	92,424	97,432	97,432	97,432	97,432
984	984	984	984	984	984
806	798	809	719	697	636
97,400	97,400	104,504	104,504	104,504	104,504
1,176	1,176	1,176	1,176	1,176	1,176
1,006	1,009	991	949	963	808
104,523	104,523	105,867	105,867	105,867	105,867
1,760	1,760	1,760	1,760	1,760	1,760
899	850	800	743	745	632
116,991	116,991	123,711	123,711	123,711	123,711
1,756	1,756	1,756	1,756	1,756	1,756
1,138	1,075	1,122	1,087	1,060	952
104,532	104,532	107,604	107,604	107,604	107,604
1,785	1,785	1,785	1,785	1,785	1,785
894	832	854	754	804	733
94,967	94,967	120,193	120,193	120,193	120,193
1,773	1,773	1,773	1,773	1,773	1,773
1,132	1,168	1,215	1,144	1,152	977
111,881	111,881	113,417	113,417	113,417	113,417
2,094	2,094	2,094	2,094	2,094	2,094
866	813	782	756	714	668
111,881	111,881	111,881	111,881	111,881	111,881
2,086	2,086	2,086	2,086	2,086	2,086
960	870	874	870	923	803
112,327	112,327	112,327	112,327	112,327	112,327
2,684	2,684	2,684	2,684	2,684	2,684
1,103	1,059	969	931	920	868
110,800	110,800	110,800	110,800	110,800	110,800
1,100	1,100	1,100	1,100	1,100	1,100
1,136	1,097	996	936	927	804
121,423	121,423	124,111	124,111	124,111	124,111
1,040	1,040	1,040	1,040	1,040	1,040
1,204	1,151	1,130	1,162	1,121	936