

**ANGLETON
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2021**



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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ANGLETON INDEPENDENT SCHOOL DISTRICT

Annual Financial Report For the Year Ended August 31, 2021

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ANGLETON INDEPENDENT SCHOOL DISTRICT

Annual Financial Report For the Year Ended August 31, 2021

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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Angleton Independent School District

Name of School District

Brazoria

County

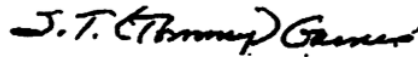
020-902

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved ____ disapproved for the year ended August 31, 2021, at a meeting of the board of trustees of such school district on the 18th day of January 2022.



Dana Tolbert
Board Secretary



Tommy Gaines
Board President

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

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
Angleton Independent School District
Angleton, Texas 77515

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 Angleton 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.

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



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 Angleton Independent School District, as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules, and the required OPEB schedules on pages 14 through 23 and pages 79 through 85 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 introductory section, combining and individual nonmajor fund financial statements, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
January 14, 2022

ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

As management of the Angleton Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2021. We encourage readers to consider the information presented here in conjunction with 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 most recent period by \$ 64,706,239 (*net position*).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 90,907,615. Approximately 37.8% of this total amount, \$ 34,331,886, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 34,333,517, or 51.55% of the total general fund expenditures.
- During the year, the District had tax and other revenues that were \$ 13,089,046 more than the \$ 90,977,605 in expenses on a government-wide basis.
- The District reported net pension liability of \$ 20,729,662 and a net other post-employment benefits (OPEB) liability of \$ 19,574,276 at August 31, 2021, with the implementation of GASB Statements 68, 71, and 75.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 24 through 25 of this report.

ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District 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, government 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 government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains nineteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and capital project fund, which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, food service special revenue fund, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 26 through 30 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on pages 31 through 32. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 75 of this report.

ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

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. Required supplementary information can be found on pages 79 through 85 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 88 through 95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 64,706,239 as of August 31, 2021. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 51,617,193 as of August 31, 2020.

The District's Net Position

	2021	(Restated) 2020
Current and other assets	\$ 95,533,309	\$ 86,154,160
Capital assets	<u>185,061,557</u>	<u>160,552,850</u>
Total assets	<u>280,594,866</u>	<u>246,707,010</u>
Deferred outflows of resources	<u>11,954,943</u>	<u>14,334,332</u>
Long-term liabilities outstanding	206,147,200	191,224,658
Other liabilities	<u>4,294,072</u>	<u>4,268,234</u>
Total liabilities	<u>210,441,272</u>	<u>195,492,892</u>
Deferred inflows of resources	<u>17,402,298</u>	<u>13,931,257</u>
Net Position:		
Net investment in capital assets	57,086,458	52,561,500
Restricted	5,719,505	4,316,934
Unrestricted	<u>1,900,276</u>	<u>(5,261,241)</u>
Total net position	<u>\$ 64,706,239</u>	<u>\$ 51,617,193</u>

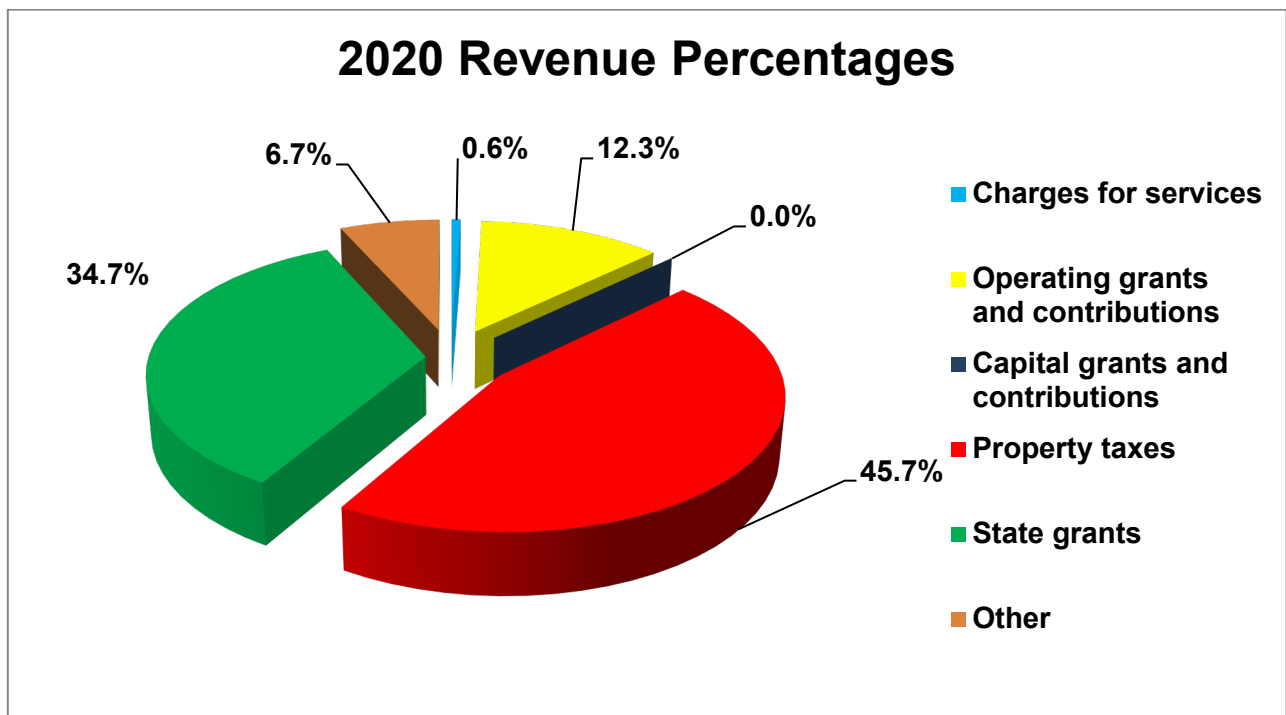
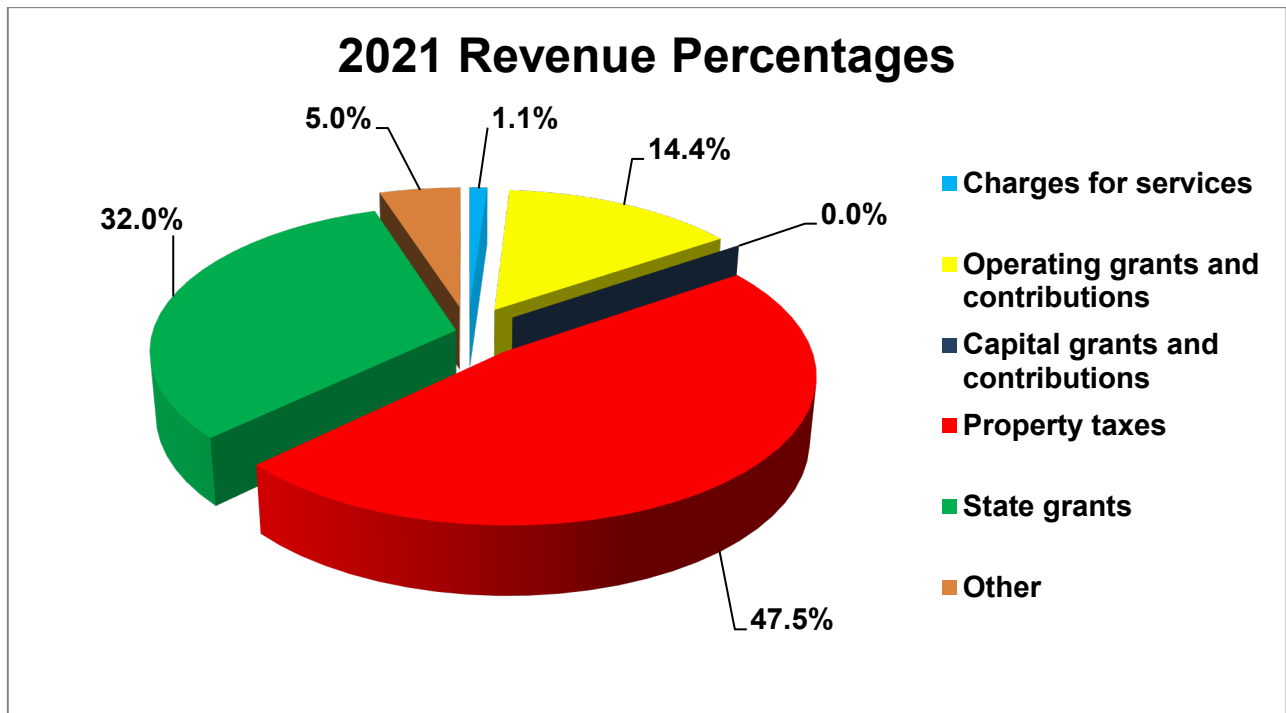
Investment in capital assets (e.g., land, buildings and improvements, furniture, equipment, vehicles, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$ 57,086,458. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$ 1,900,276 and may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are more than currently available resources.

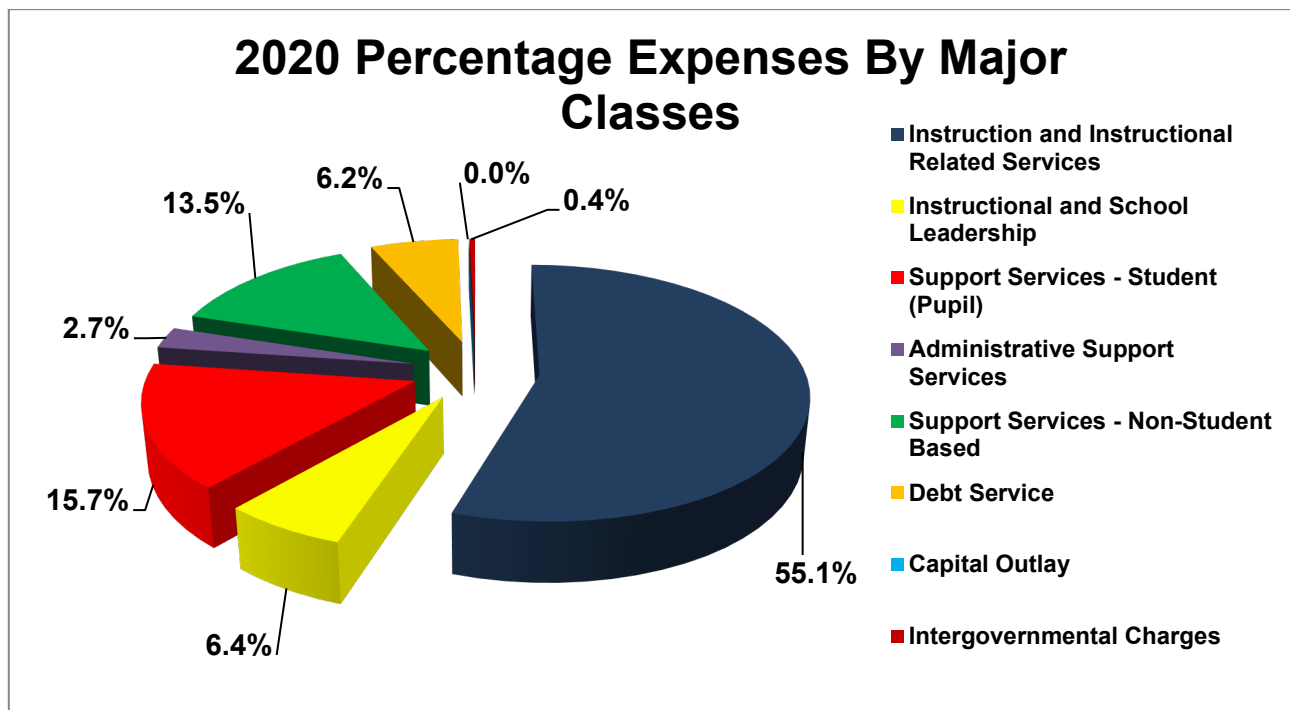
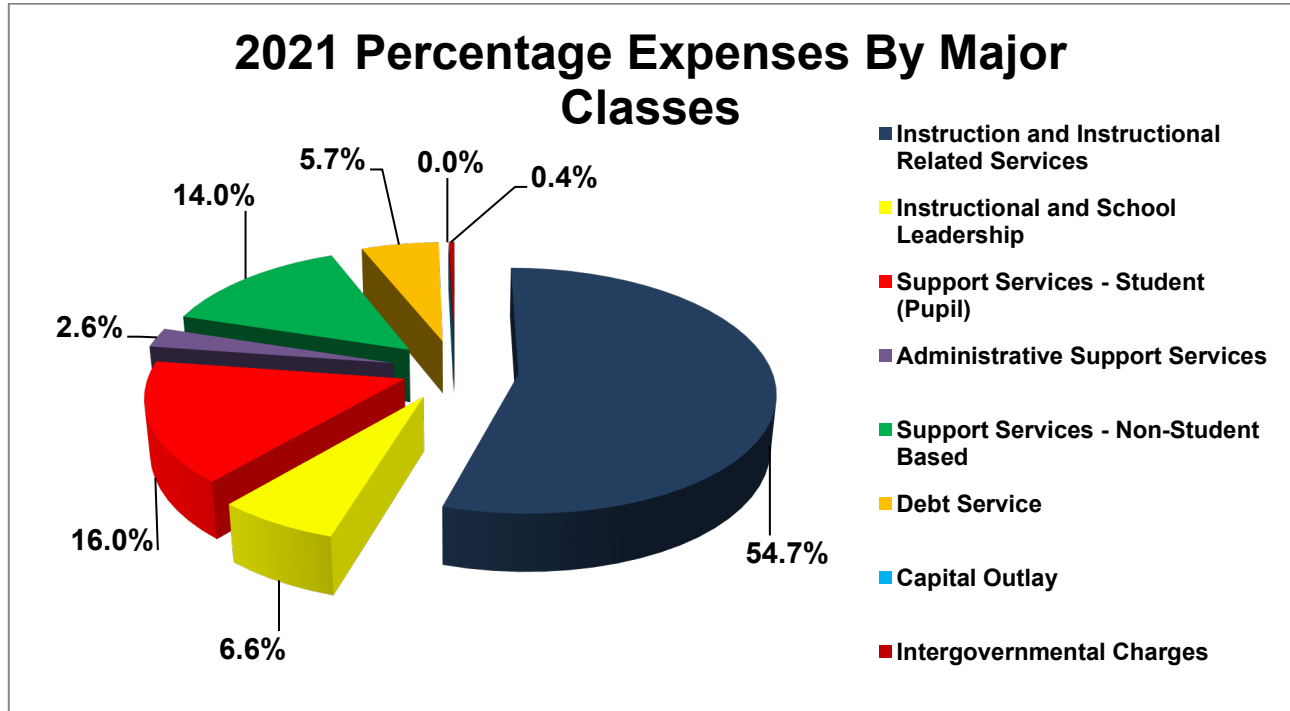
ANGLETON INDEPENDENT SCHOOL DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS****AUGUST 31, 2021**

Governmental activities. The District's total net position increased by \$ 13,089,046, partially driven by an increase in the District's total revenues of \$ 8,048,546. The District's total cost of all programs and services increased \$ 6,591,788. The total cost of all *governmental activities* this year was \$ 90,977,605. The amount that our taxpayers paid for these activities through property taxes was \$ 49,478,898 or 47.6%. The amount of costs that were paid by those who directly benefited from the programs was \$ 1,159,202 or 1.1%. The costs that were paid by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding were \$ 14,945,650 or 14.4% and \$ 33,265,962 or 32%, respectively.

Changes in the District's Net Position

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,159,202	\$ 622,020
Operating grants & contributions	14,945,650	11,797,602
Capital grants and contributions	40,515	
General revenues:		
Property taxes	49,478,898	43,894,712
State grants	33,265,962	33,286,192
Other	<u>5,176,424</u>	<u>6,417,579</u>
Total revenues	<u>104,066,651</u>	<u>96,018,105</u>
Expenses:		
Instruction	46,810,992	43,670,371
Instructional resources & media services	968,745	956,499
Curriculum & staff development	1,981,237	1,916,128
Instructional leadership	1,393,637	1,248,074
School leadership	4,604,619	4,185,743
Guidance, counseling & evaluation services	2,730,350	2,422,271
Social work services	542,946	380,270
Health services	907,567	694,915
Student transportation	3,371,458	3,340,057
Food service	4,845,966	4,686,013
Extracurricular activities	2,186,829	1,769,443
General administration	2,343,090	2,257,765
Plant maintenance and operations	9,016,135	8,340,912
Security and monitoring services	1,488,298	970,113
Data processing services	2,270,265	2,039,479
Community services		398
Debt service-interest and fees on long-term debt	4,768,490	4,548,797
Debt service - Bond issuance costs and fees	406,823	637,589
Payments related to shared services arrangements	22,600	36,900
Payments to juvenile justice alternative education programs	7,400	6,000
Other Intergovernmental charges	<u>310,158</u>	<u>278,080</u>
Total expenses	<u>90,977,605</u>	<u>84,385,817</u>
Change in net position	13,089,046	11,632,288
Beginning net position	56,035,948	44,403,660
Prior period adjustment (see Note 17)	(4,418,755)	
Beginning net position (restated)	<u>51,617,193</u>	
Ending net position	<u>\$ 64,706,239</u>	<u>\$ 56,035,948</u>





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, bond covenants, and segregation for particular purposes.

ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

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 the District's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 90,907,615, an increase of \$ 9,590,656 from last year's combined balance of \$ 81,316,659 (restated). Approximately 37.8% of this total amount \$ 34,331,886 constitutes *unassigned fund balance*. The remainder of fund balance is *non-spendable, restricted, committed* or assigned to indicate that it is not available for new spending because it has already been classified as 1) for inventory \$ 525,423, 2) for prepaid items \$ 1,006,485, 3) for grants of \$ 201,247, 4) for capital acquisitions and contractual obligations \$ 37,411,802, 5) for payment of debt service \$ 5,530,905 6) for other purposes \$ 49,867. 7) for construction \$ 2,000,000, 8) for claims and judgments \$ 250,000, and 9) other miscellaneous assignments \$ 9,600,000.

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 \$ 34,333,517, while the total fund balance was \$ 47,467,154. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 51.55% of the total general fund expenditures, while total fund balance represents 71.3% of that same amount.

The fund balance of the District's general fund increased by \$ 8,433,545 or 22% during the current fiscal year compared to last year's total general fund balance of \$ 39,033,609 (restated). Expenditures increased approximately 4.5% from prior year from \$ 63,761,756 to \$ 66,600,571.

The debt service fund balance increased by \$ 1,434,220 during the current fiscal year compared to last year's debt service fund balance of \$ 4,096,685. The primary factor contributing to this increase was an increase in local revenues in the current year.

The capital projects fund balance decreased by \$ 482,578 compared to last year's balance of \$ 37,894,380. The primary factor contributing to this decrease was expenditures for construction projects

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments during the year for unexpected occurrences.

After appropriations were amended as described above, actual revenues were \$ 4,456,218 more than the final budgeted amounts due to an overall increase in state revenues. Actual expenditures were \$ 4,686,004 below final budget amounts. Staffing is budgeted for full employment throughout the year. Reduced and vacant positions are normally not subject to budget revisions. In addition, the District has historically amended the budget to address certain contingencies that may occur with the start of the new instructional year beginning prior to the close of the current fiscal year.

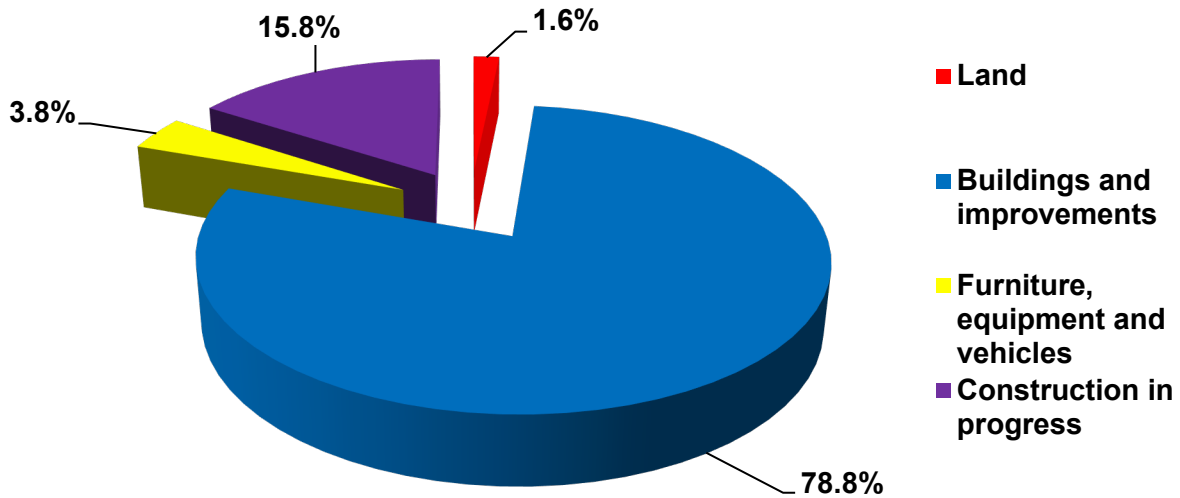
Capital assets and debt administration. The District's investment in capital assets for its governmental activities as of August 31, 2021 amounts to \$ 185,061,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, equipment and vehicles, and construction in progress.

ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

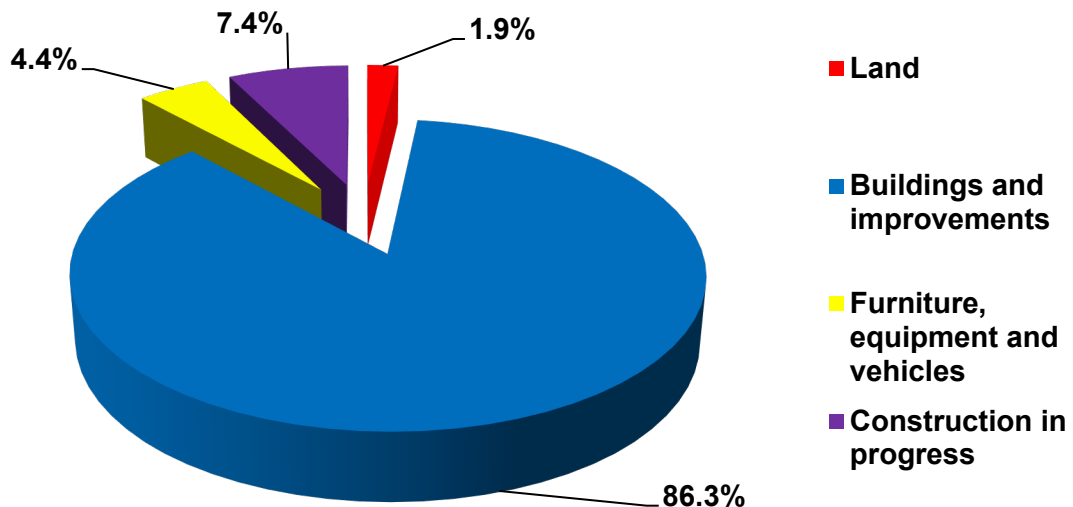
**District's Capital Assets
(net of depreciation)**

	2021	(Restated) 2020
Land	\$ 2,987,224	\$ 2,987,224
Buildings and improvements	145,869,232	138,620,689
Furniture, equipment and vehicles	7,010,074	7,079,554
Construction in progress	<u>29,195,027</u>	<u>11,865,383</u>
Total at historical cost	<u>\$ 185,061,557</u>	<u>\$ 160,552,850</u>

2021 Percentage Net Capital Assets



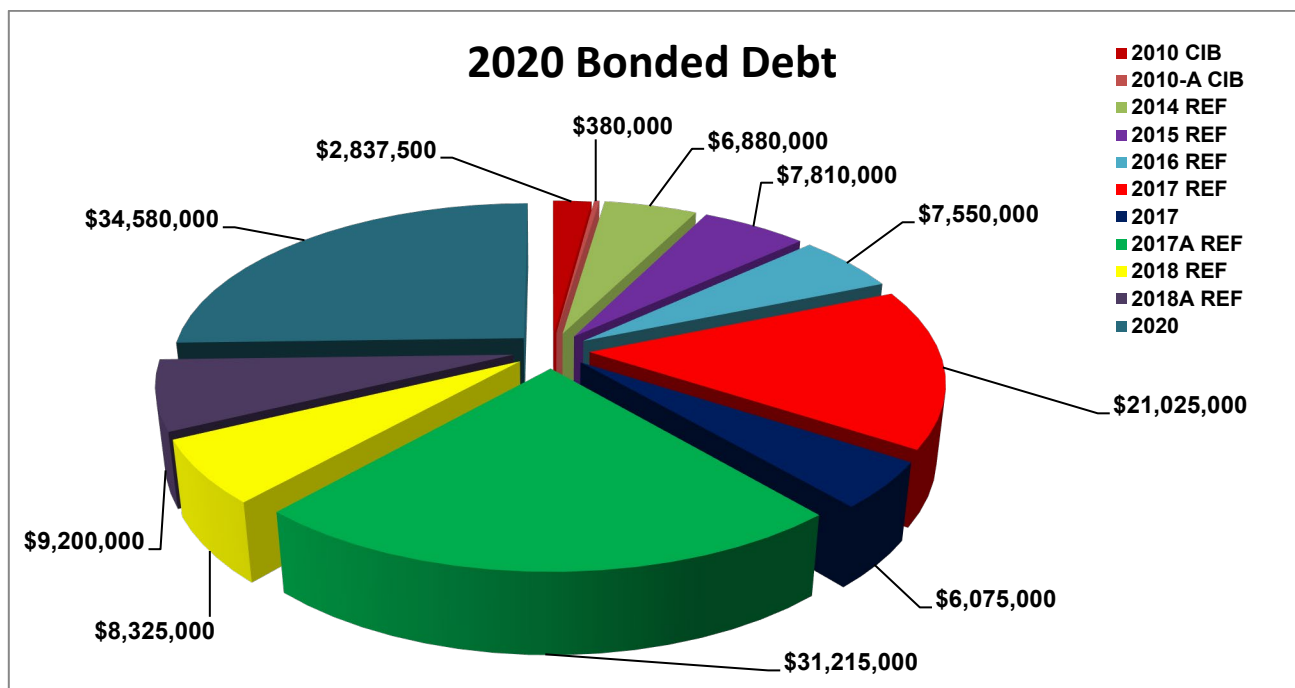
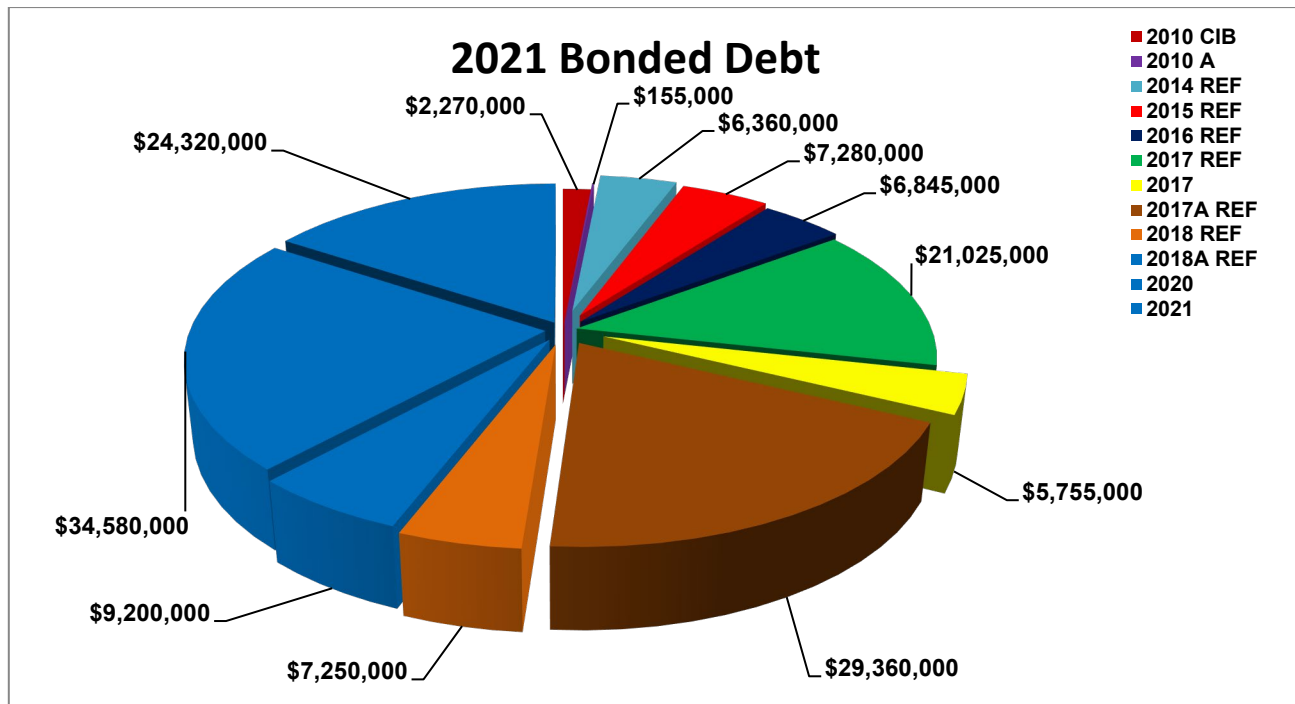
2020 Percentage Net Capital Assets



ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

Additional information on the District's capital assets can be found in Note 5 on pages 54 through 55 of this report.

Long-term debt. At August 31, 2021, the District had total long-term debt outstanding of \$ 206,147,200, an increase of \$ 14,922,542 from the previous year. Long-term debt is made of general obligation bonds of \$ 154,400,000, capital lease liability of \$ 71,605, net pension liability of \$ 20,729,662, net OPEB liability of \$ 19,574,276, and premium on general obligation bonds of \$ 11,371,657



ANGLETON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021

District's Long-Term Debt

	<u>2021</u>	<u>(Restated)</u> <u>2020</u>
General obligation bonds	\$ 154,400,000	\$ 135,877,500
Capital lease	71,605	110,663
Net pension liability	20,729,662	20,591,233
Net OPEB liability	19,574,276	24,446,706
Premium on general obligation bonds	<u>11,371,657</u>	<u>10,198,556</u>
	<u>\$ 206,147,200</u>	<u>\$ 191,224,658</u>

The "AAA" long-term rating on the District's Texas' bond reflects the Texas Permanent School Fund guarantee. The underlying rating from Standard & Poor's is A+.

Additional information on the District's long-term debt can be found in Note 6 on pages 55 through 59 of this report.

Economic Factors and Next Year's Budgets and Rates

- Appraised values used for the 2021-2022 budget increased by \$ 586 million, or 14.4%.
- The District's 2021-2022 refined average daily attendance is expected to decrease to 6150.
- The District's attendance rate is expected to be around 94%.
- The total tax rate for the District changed to \$ 1.267 (\$ 0.872 for Maintenance and Operations and \$ 0.395 for Interest and Sinking) from the prior year of \$ 1.33313 (\$ 0.9161 for Maintenance and Operations and \$ 0.4152 for Interest and Sinking).

These indicators were taken into consideration when adopting the General Fund budget for 2021-2022. The District has appropriated revenues and expenditures of \$ 79,106,000 creating a balanced budget. The District's 2021-2022 budget has decreased by 1.3% from the prior fiscal year. Certified tax values are increasing and the Board of Trustees approved giving all employees on average a 3% of midpoint raise.

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 as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Angleton Independent School District, 1900 N. Downing, Angleton, Texas, 77515.

ANGLETON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Exhibit A-1
Page 1 of 1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	ASSETS:	
1110	Cash and cash equivalents	\$ 80,021,068
1120	Current investments	7,756,539
1220	Property taxes receivables	1,338,916
1230	Allowance for uncollectible taxes	(653,882)
1240	Due from other governments	5,403,158
1250	Accrued interest	39,610
1290	Other receivables	95,992
1300	Inventories	525,423
1410	Prepaid items	1,006,485
	Capital Assets:	
1510	Land	2,987,224
1520	Buildings and improvements, net	145,869,232
1530	Furniture, equipment, and vehicles, net	7,010,074
1580	Construction in progress	<u>29,195,027</u>
1000	Total assets	<u>280,594,866</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred outflows of resources	<u>11,954,943</u>
	Total deferred outflows of resources	<u>11,954,943</u>
	LIABILITIES:	
2110	Accounts payable	21,087
2140	Interest payable	233,838
2150	Payroll deductions and withholdings	97,714
2160	Accrued wages payable	3,613,375
2300	Unearned revenue	328,058
	Noncurrent Liabilities:	
2501	Due within one year	9,623,080
2502	Due in more than one year	156,220,182
2540	Net pension liability	20,729,662
2545	Net OPEB liability	<u>19,574,276</u>
2000	Total liabilities	<u>210,441,272</u>
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred inflows of resources	<u>17,402,298</u>
	Total deferred inflows of resources	<u>17,402,298</u>
	NET POSITION:	
3200	Net investment in capital assets	57,086,458
	Restricted For:	
3820	Federal and state programs	201,247
3850	Debt service	5,468,391
3890	Other	49,867
3900	Unrestricted	<u>1,900,276</u>
3000	Total net position	<u>\$ 64,706,239</u>

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

Exhibit B-1
Page 1 of 1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 46,810,992	\$ 369,478	\$ 6,268,213	\$ 21,625	\$(40,151,676)
12	Instructional resources and media services	968,745		60,164		(908,581)
13	Curriculum and staff development	1,981,237		512,090		(1,469,147)
21	Instructional leadership	1,393,637		186,109		(1,207,528)
23	School leadership	4,604,619		835,643		(3,768,976)
31	Guidance, counseling, and evaluation services	2,730,350		720,340		(2,010,010)
32	Social work services	542,946		88,032		(454,914)
33	Health services	907,567		69,019		(838,548)
34	Student transportation	3,371,458		193,342		(3,178,116)
35	Food service	4,845,966	292,264	4,249,782		(303,920)
36	Extracurricular activities	2,186,829	497,460	65,302		(1,624,067)
41	General administration	2,343,090		128,701		(2,214,389)
51	Plant maintenance and operations	9,016,135		602,375		(8,413,760)
52	Security and monitoring services	1,488,298		173,292		(1,315,006)
53	Data processing services	2,270,265		793,246	18,890	(1,458,129)
72	Debt service - Interest on long-term debt	4,768,490				(4,768,490)
73	Bond issuance costs and fees	406,823				(406,823)
93	Payments related to shared services arrangements	22,600				(22,600)
95	Payments to Juvenile Justice Alternative Education Programs	7,400				(7,400)
99	Other intergovernmental charges	<u>310,158</u>				<u>(310,158)</u>
TG	Total governmental activities	<u>\$ 90,977,605</u>	<u>\$ 1,159,202</u>	<u>\$ 14,945,650</u>	<u>\$ 40,515</u>	<u>\$(74,832,238)</u>
GENERAL REVENUES:						
Taxes:						
MT	Property taxes, levied for general purposes					\$ 32,870,918
DT	Property taxes, levied for debt service					16,607,980
SF	State aid-formula grants					33,265,962
GC	Grants and contributions not restricted to specific programs					2,224,797
IE	Investment earnings					219,063
MI	Miscellaneous					<u>2,732,564</u>
TG	Total general revenues					<u>87,921,284</u>
CN	Change in net position					13,089,046
NB	Net position – beginning					56,035,948
PA	Prior period adjustment (see Note 17)					<u>(4,418,755)</u>
NB	Net position – beginning, as restated					<u>51,617,193</u>
NE	Net position – ending					<u>\$ 64,706,239</u>

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2021

Exhibit C-1
Page 1 of 2

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:					
1110	Cash and cash equivalents	\$ 36,276,925	\$ 5,438,799	\$ 37,411,802	\$ 893,542	\$ 80,021,068
1120	Current investments	7,756,539				7,756,539
1220	Taxes receivable - delinquent	962,235	376,681			1,338,916
1230	Allowance for uncollectible taxes (credit)	(484,231)	(169,651)			(653,882)
1240	Receivables from other governments	2,181,661	1,730		3,219,767	5,403,158
1250	Accrued interest receivable	39,610				39,610
1260	Due from other funds	3,564,876	54,670		209,666	3,829,212
1290	Other receivables	65,857			30,135	95,992
1300	Inventories	277,152			248,271	525,423
1410	Prepaid items	1,006,485				1,006,485
1000	Total assets	<u>\$ 51,647,109</u>	<u>\$ 5,702,229</u>	<u>\$ 37,411,802</u>	<u>\$ 4,601,381</u>	<u>\$ 99,362,521</u>

(continued)

ANGLETON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AUGUST 31, 2021

Exhibit C-1
Page 2 of 2

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
Liabilities:						
2110	Accounts payable	\$ 20,843	\$	\$	\$ 244	\$ 21,087
2150	Payroll deductions and withholdings	91,283			6,431	97,714
2160	Accrued wages payable	3,318,320			295,055	3,613,375
2170	Due to other funds	264,336			3,564,876	3,829,212
2300	Unearned revenue	<u>91,037</u>			<u>237,021</u>	<u>328,058</u>
2000	Total liabilities	<u>3,785,819</u>	<u>-0-</u>	<u>-0-</u>	<u>4,103,627</u>	<u>7,889,446</u>
Deferred Inflows Of Resources:						
2600	Deferred inflows of resources – property taxes	<u>394,136</u>	<u>171,324</u>			<u>565,460</u>
	Total deferred inflows of resources	<u>394,136</u>	<u>171,324</u>	<u>-0-</u>	<u>-0-</u>	<u>565,460</u>
Fund Balances:						
Non-Spendable:						
3410	Inventories	277,152			248,271	525,423
3430	Prepaid items	1,006,485				1,006,485
Restricted:						
3450	Grant Funds				201,247	201,247
3470	Capital acquisitions and contractual obligations			37,411,802		37,411,802
3480	Debt service		5,530,905			5,530,905
3490	Other purposes				49,867	49,867
Committed:						
3510	Construction	2,000,000				2,000,000
3520	Claims and judgments	250,000				250,000
Assigned:						
3590	Other purposes	9,600,000				9,600,000
3600	Unassigned	<u>34,333,517</u>			(1,631)	<u>34,331,886</u>
3000	Total fund balances	<u>47,467,154</u>	<u>5,530,905</u>	<u>37,411,802</u>	<u>497,754</u>	<u>90,907,615</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 51,647,109</u>	<u>\$ 5,702,229</u>	<u>\$ 37,411,802</u>	<u>\$ 4,601,381</u>	<u>\$ 99,362,521</u>

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
AUGUST 31, 2021

Exhibit C-2
Page 1 of 1

Total fund balances – governmental funds balance sheet (C-1) \$ 90,907,615

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets net of accumulated depreciated unused in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 289,315,983 and the accumulated depreciation is \$ 104,254,426 resulting in a net addition to net position. 185,061,557

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 565,460

The government-wide statement includes the District's proportionate share of TRS net pension liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net pension liability	\$(20,729,662)	
Deferred outflows of resources - TRS pension	7,798,665	
Deferred inflows of resources - TRS pension	(2,955,469)	(15,886,466)

The government-wide statement includes the District's proportionate share of TRS net OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net OPEB liability	\$(19,574,276)	
Deferred outflows of resources - TRS OPEB	3,699,917	
Deferred inflows of resources - TRS OPEB	(14,446,829)	(30,321,188)

Deferred outflows of resources related to deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. 456,361

Some liabilities, including bonds payable, capital lease payable, premium on bonds and accrued interest payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

General obligation bonds	\$(154,400,000)	
Capital leases	(71,605)	
Premium on bonds	(11,371,657)	
Accrued interest payable	(233,838)	(166,077,100)

Net position of governmental activities - statement of net position (A-1) \$ 64,706,239

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

Exhibit C-3
Page 1 of 1

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:					
5700	Local and intermediate sources	\$ 36,661,960	\$ 16,669,486	\$ 68,501	\$ 776,216	\$ 54,176,163
5800	State program revenues	36,441,647	165,980		773,131	37,380,758
5900	Federal program revenues	1,930,509			10,797,714	12,728,223
5020	Total revenues	75,034,116	16,835,466	68,501	12,347,061	104,285,144
	EXPENDITURES:					
	Current:					
0011	Instruction	37,962,845			4,168,881	42,131,726
0012	Instructional resources and media services	810,960			17,725	828,685
0013	Curriculum and staff development	1,530,312			423,870	1,954,182
0021	Instructional leadership	1,259,449			111,256	1,370,705
0023	School leadership	3,886,511			594,375	4,480,886
0031	Guidance, counseling, and evaluation services	2,086,407			576,983	2,663,390
0032	Social work services	475,108			58,960	534,068
0033	Health services	847,276			23,238	870,514
0034	Student transportation	2,731,442			80,060	2,811,502
0035	Food Service				4,389,890	4,389,890
0036	Extracurricular activities	1,679,738			363,138	2,042,876
0041	General administration	2,223,962			29,788	2,253,750
0051	Plant maintenance and operations	8,122,291			411,232	8,533,523
0052	Security and monitoring services	1,131,757			123,167	1,254,924
0053	Data processing services	1,469,508			769,029	2,238,537
0071	Principal on long-term debt	39,058	9,987,500			10,026,558
0072	Interest on long-term debt		5,413,830			5,413,830
0073	Bond issuance costs and fees		406,823			406,823
0081	Facilities acquisition and construction	3,789		30,551,079		30,554,868
0093	Payments related to shared services arrangements	22,600				22,600
0095	Payments to juvenile justice alternative education programs	7,400				7,400
0099	Other intergovernmental	310,158				310,158
6030	Total expenditures	66,600,571	15,808,153	30,551,079	12,141,592	125,101,395
1100	Excess (deficiency) of revenues over expenditures	8,433,545	1,027,313	(30,482,578)	205,469	(20,816,251)
	OTHER FINANCING SOURCES:					
7911	Proceeds from bonds			28,510,000		28,510,000
7916	Premium on bonds		406,907	1,490,000		1,896,907
	Total other financing sources	-0-	406,907	30,000,000	-0-	30,406,907
1200	Net change in fund balances	8,433,545	1,434,220	(482,578)	205,469	9,590,656
0100	Fund balances – beginning	40,222,199	4,096,685	37,894,380	292,285	82,505,549
	Prior year adjustment (see Note 17)	(1,188,590)				(1,188,590)
3000	Fund balances – ending	\$ 47,467,154	\$ 5,530,905	\$ 37,411,802	\$ 497,754	\$ 90,907,615

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

ANGLETON INDEPENDENT SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021**Exhibit C-4
Page 1 of 2

Net change in fund balances – total governmental funds (from C-3)	\$	9,590,656
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Amounts reported for governmental activities in the statement of activities (B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 31,247,836		
Depreciation expense	(6,739,129)		24,508,707

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issue	\$(28,510,000)		
Premium on debt issue	(1,896,907)		
Principal payments	10,026,558		
Change in accrued interest payable	(18,852)		
Amortization of bond premium	723,806		
Amortization of deferred charge on bond refunding	(59,614)		(19,735,009)

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 following:

Net pension liability increased	\$(138,429)		
Deferred outflows decreased	(1,878,449)		
Deferred inflows decreased	399,780		(1,617,098)

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 following:

Net OPEB liability decreased	\$ 4,872,430		
Deferred outflows decreased	(441,326)		
Deferred inflows increased	(3,870,821)		560,283

The change in noncurrent loan advance discounts do not produce current financial resources to governmental funds but these changes increase long-term assets in the statement of net position.	(34,640)
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Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds.	(183,853)
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Change in net position of governmental activities (see B-1)	\$	<u>13,089,046</u>
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The notes to the financial statements are an integral part of this statement.

ANGLETON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

Exhibit E-1
Page 1 of 1

	Custodial Funds
ASSETS:	
Cash and cash equivalents	\$ <u>348,413</u>
Total assets	\$ <u><u>348,413</u></u>
LIABILITIES:	
Due to student groups	\$ <u>54,084</u>
Total liabilities	<u>54,084</u>
NET POSITION:	
Restricted for:	
Students and other activities	<u>294,329</u>
Total net position	\$ <u><u>294,329</u></u>

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2021

Exhibit E-2
Page 1 of 1

	<u>Custodial Funds</u>
ADDITIONS:	
Contributions:	
Revenues from student activities	\$ <u>31,851</u>
Total contributions	<u>31,851</u>
Total additions	<u>31,851</u>
DEDUCTIONS:	
Payments for student activities	<u>43,676</u>
Total deductions	<u>43,676</u>
Change in net position	(11,825)
Net position – beginning	-0-
Prior period adjustment	<u>306,154</u>
Net position - ending	\$ <u><u>294,329</u></u>

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

ANGLETON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

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ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Angleton 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 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; and it complies with the requirements of the appropriate version of Texas Education Agency's (the "TEA") *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The District's Financial Statements are in accordance with GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes the note disclosure requirements in the financial statements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The GASB Statement No. 34 reporting model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

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

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by 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. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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 part of any other governmental 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.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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 GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34". The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB 61 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, 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*.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. All interfund transactions between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds are reported as receivables and payables on the government-wide Statement of Net Position.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 as soon as they are 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

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

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

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

The *debt service* fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, and interest earnings. Expenditures include all costs associated with related debt service.

The *capital projects* fund accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. The major revenue source includes investment earnings and other resources from proceeds from sale of general obligation bonded debt.

Additionally, the District reports the following fiduciary funds:

The *custodial funds* account for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

Cash and Investments

The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than two years at the time of purchase. Non-current investments have an original maturity of greater than two years at the time of purchase.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables and payables.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years.

Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on August 1, 2020, upon which the levy for the 2020-21 fiscal year was based, was \$ 3,371,918,801. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2021, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.9161 and \$ 0.4152 per \$ 100 valuation, respectively, for a total of \$ 1.3313 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2021 were 99.11% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting 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. As of August 31, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 478,004 and \$ 207,030 for the general and debt service funds, respectively.

Inventories

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their market value is recorded as inventory and unearned revenue when received in the governmental funds. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation

Capital assets, which include land, buildings and improvements, and furniture, equipment and vehicles, 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 in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

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

<u>Assets</u>	<u>Years</u>
Building	50
Building improvements	20
Furniture and equipment	5-15
Vehicles	8-20

Compensated Absences

Non-duty time is to be taken within the same year it is earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of the debt issued is reported as other financing resources. 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.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Budgetary Data

Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required governmental funds prior to August 31 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the food service (special revenue fund). The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The Official Budget was prepared for adoption for the general fund, food service (special revenue fund) and debt service fund prior to August 31, 2020. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made after Board approval and are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures. The Board of Trustees approved the final budget amendment on August 17, 2021.

Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

The District had no outstanding encumbrances at August 31, 2021.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

The District's Board of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees. Fund Balance of the District may be committed for a specific source by formal action of the District's Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action by the District's Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees has delegated authority to the Superintendent. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions of enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amount had been restricted, committed or assigned.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

As of August 31, 2021, non-spendable fund balances include \$ 277,152 for inventories and \$ 1,006,485 for prepaid items in the General fund, and \$ 248,271 for inventories in National School Breakfast and Lunch Program Fund (special revenue fund). Restricted fund balance includes \$ 5,530,905 for the debt service fund, \$ 37,411,802 for the capital projects fund, \$ 201,247 for the National School Breakfast and Lunch Program Fund, and \$ 49,867 for the Campus Activity Fund. Committed fund balances include \$ 250,000 for claims and judgments and \$ 2,000,000 for capital expenditures (equipment) in General Fund. Assigned fund balances include \$ 9,600,000 for other purposes in the General Fund. Unassigned fund balance includes \$ 34,333,517 in the general fund, and \$(1,631) in the Stadium Operations Fund (special revenue fund).

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The statement was implemented and did have a material effect on the financial statement of the District. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 87 "Leases" was issued in June 2017. The management of the District does expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in April 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements (Continued)

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61" was issued in August 2018. The statement was implemented and did not have a material effect on the financial statement of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 "Omnibus 2020" was issued in January 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 "Replacement of Interbank Offered Rates" was issued in March 2020. The statement was implemented and did not have a material effect on the financial statement of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2020.

GASB No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective immediately.

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 2. DEPOSITS AND INVESTMENTS**

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of two years or less and non-current investments are those that have a maturity of two years or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at August 31, 2021 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 5,237	\$	\$ 5,237
Financial Institution Deposits:			
Demand deposits	3,126,242	348,413	3,474,655
Texpool	2,199,488		2,199,488
Lone Star Investment Pool	<u>74,690,101</u>		<u>74,690,101</u>
Total cash and cash equivalents	<u>80,021,068</u>	<u>348,413</u>	<u>80,369,481</u>
Current Investments:			
Broker Dealers:			
Certificates of deposit	1,998,620		1,998,620
U.S. Government Bonds	1,000,061		1,000,061
Municipal securities	<u>4,757,858</u>		<u>4,757,858</u>
Total investments	<u>7,756,539</u>	<u>-0-</u>	<u>7,756,539</u>
Total	<u>\$87,777,607</u>	<u>\$ 348,413</u>	<u>\$88,126,020</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

At August 31, 2021, in addition to petty cash of \$ 5,237, the carrying amount of the District's cash and savings was \$ 5,473,275. The financial institutions balances were \$ 6,895,717 at August 31, 2021. Bank balances of \$ 304,084 were covered by federal depository insurance, and \$ 6,591,633 was covered by collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

In addition the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

- a. Name of bank: Prosperity Bank, Angleton, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 12,719,553
- c. Largest cash, savings and time deposit combined account balance amounted to \$ 14,493,246 and occurred on February 10, 2021.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$ 304,084.

The District was fully-insured on the highest cash balance date of February 10, 2021.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes it complied with the requirements of the PFIA and the District's investment policy.

The District's Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. A securities lending program as permitted by Government Code 2256.0115;
5. Banker's acceptances as permitted by Government Code 2256.012;
6. Commercial paper as permitted by Government Code 2256.013;
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
9. Public funds investment pools as permitted by Government Code 2256.016.

The District participates in Local Government Investment Pools (LGIP): Lone Star Investment Pool and Texpool. Both the Lone Star Investment Pool ("the Pool") and Texpool were established as a public funds investment pool in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. Lone Star and Texpool are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Standard and Poor's has assigned its "AAAm" fund risk ratings to both Lone Star (Government Overnight Fund, Corporate Overnight Fund and Corporate Overnight Plus Fund) and Texpool.

At August 31, 2021, the Government Overnight Fund had a weighted average maturity of 45 days, the Corporate Overnight Fund had a weighted average maturity of 52 days, the Corporate Overnight Plus Fund had a weighted average maturity of 75 days, and TexPool had a weighted average maturity of 30 days. Although these four funds had weighted average maturities of 45, 52, 75 and 30 days, respectively, the District considers holdings of these funds to have a one day weighted average maturity. This is due to the fact that the share position can normally be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The District's investments in LGIP's are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 2. DEPOSITS AND INVESTMENTS (Continued)****Investments (Continued)**

The following table includes the portfolio balances of all investment types of the District at August 31, 2021:

	<u>Market Value</u>	<u>Weighted Average Maturity (In Days)</u>
Local Government Investment Pools:		
Texpool	\$ 2,199,488	30
Lone Star Investment Pool:		
Government Overnight Fund	38,210	45
Corporate Overnight Fund	4,990,601	52
Corporate Overnight Plus Fund	<u>69,661,290</u>	75
Total local government investment pools	76,889,590	
Certificates of deposit	1,998,620	10
U.S. Government bonds	1,000,061	6
Municipal bonds	<u>4,757,858</u>	34
Total investments	<u><u>\$84,646,129</u></u>	

Credit Risk – As of August 31, 2021, 90.84% of the investment portfolio was invested in AAAM or AAA rated LGIPs (2(a) 7 like pools), 1.18% invested in U.S. Government bonds with a Standards and Poor rated AA+ or better, 5.62% of the investment portfolio was invested in municipal bonds with a Standards and Poor rated of AAA or better, and 2.36% was invested in certificates of deposit.

Interest rate Risk – As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

Fair Value Measures

GASB No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB No. 72 are described below:

ANGLETON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measures (Continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of August 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government securities	\$ 1,000,061	\$	\$	\$ 1,000,061
Municipal securities	<u>4,757,858</u>	<u> </u>	<u> </u>	<u>4,757,858</u>
Total assets at fair value	<u>\$ 5,757,919</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,757,919</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES**Receivables and Allowances**

Receivables as of August 31, 2021, for the government's individual major funds and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Other Governmental Funds	Total
Receivables:				
Property taxes	\$ 962,235	\$ 376,681	\$	\$ 1,338,916
Receivables from other governments	2,181,661	1,730	3,219,767	5,403,158
Interest	39,610			39,610
Other receivables	<u>65,857</u>	<u></u>	<u>30,135</u>	<u>95,992</u>
Gross receivables	3,249,363	378,411	3,249,902	6,877,676
Less: allowance for uncollectible	<u>484,231</u>	<u>169,651</u>	<u></u>	<u>653,882</u>
Net total receivables	<u>\$ 2,765,132</u>	<u>\$ 208,760</u>	<u>\$ 3,249,902</u>	<u>\$ 6,223,794</u>

Receivables/Payables from/to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or Payable to Other Governments, as applicable.

Amounts due from federal, state, and local governments as of August 31, 2021 are summarized below.

Fund	State Entitlements	Federal Grants	State Grants and Other	Total
Major Governmental Funds:				
General fund	\$ 2,181,661	\$	\$	\$ 2,181,661
Debt Service Fund		1,730		1,730
Other funds	<u></u>	<u>3,219,767</u>	<u></u>	<u>3,219,767</u>
Total	<u>\$ 2,181,661</u>	<u>\$ 3,221,497</u>	<u>\$ -0-</u>	<u>\$ 5,403,158</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES (Continued)****Deferred Outflows of Resources and Deferred Inflows of Resources and Unearned Revenue****Governmental Funds**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned.

As of August 31, 2021, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 394,136	\$
Delinquent property taxes receivable (debt service fund)	171,324	
Federal food commodities		148,967
Advance Funding:		
State grants and other		61,054
Gifts		27,000
Extracurricular activities		<u>91,037</u>
Total	<u>\$ 565,460</u>	<u>\$ 328,058</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES (Continued)**Governmental Activities

Governmental activities defer the recognition of pension and OPEB expense for contributions made from the measurement date (August 31, 2020) to the current year-end of August 31, 2021 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of August 31, 2021, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
TRS pension deferred inflows and outflows of resources	\$ 6,068,054	\$ 2,955,469	\$
Pension contributions subsequent to the measurement date	1,730,611		
TRS OPEB deferred inflows and outflows of resources	3,283,189	14,446,829	
OPEB contributions subsequent to the measurement date	416,728		
Bond refunding costs	456,361		
Federal food commodities			148,967
Advance funding			<u>179,091</u>
Total	<u>\$ 11,954,943</u>	<u>\$ 17,402,298</u>	<u>\$ 328,058</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS****Interfund Receivables and Payables**

Interfund balances at August 31, 2021 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Special Revenue Funds	\$ 3,564,876	\$ 209,666
Debt Service Fund		54,670
	<u>3,564,876</u>	<u>264,336</u>
Special Revenue Funds:		
General Fund:		
Title I, Part A - Improving Basic programs	144	277,335
IDEA B, Formula		500,118
IDEA B, Preschool		11,282
National School Lunch and Breakfast Program	197,197	221,102
Career and Technical Education Basic Grant		17,456
Title II, Part A - Teacher and Principal Training and Recruitment	9,620	168,578
Title III English Language Acquisition and Language Enhancement		21,677
ESEA, Title X, Part C Education for Homeless Children and Youth	2,705	25,520
ESSER Funds – CARES Act		191,417
Title I School Improvement Grant (SIP)		27,645
ESSER Funds – CRRSA Act		1,944,621
ESSER III Funds – ARP Act		20,837
Federally Funded Special Revenue Funds		33,875
Medicaid Administrative Claiming Program		63,403
Stadium Operations		40,000
Fiduciary Funds		10
	<u>209,666</u>	<u>3,564,876</u>
Debt Service Fund:		
General Fund	54,670	
	<u>54,670</u>	<u>-0-</u>
	<u>\$ 3,829,212</u>	<u>\$ 3,829,212</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2021

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets and Accumulated Depreciation

The following provides a summary of changes in capital assets and accumulated depreciation for the year ended August 31, 2021:

	Restated September 1, 2020	Additions	Retirements	Transfers & Adjustments	August 31, 2021
Non-Depreciated Capital Assets:					
Land	\$ 2,987,224	\$	\$	\$	\$ 2,987,224
Construction in progress	11,865,383	30,538,411		(13,208,767)	29,195,027
Total non-depreciated	14,852,607	30,538,411	-0-	(13,208,767)	32,182,251
Depreciated Capital Assets:					
Buildings and improvements	224,805,901	121,848		12,778,067	237,705,816
Furniture, equipment and vehicles	18,533,963	587,577	124,324	430,700	19,427,916
Total depreciated	243,339,864	709,425	124,324	13,208,767	257,133,732
Total additions/transfers and retirements		\$ 31,247,836	\$ 124,324	\$ -0-	
Accumulated Depreciation:					
Buildings and improvements	86,185,212	\$ 5,651,372	\$	\$	\$ 91,836,584
Furniture, equipment and vehicles	11,454,409	1,087,757	124,324		12,417,842
Total accumulated depreciation	97,639,621	\$ 6,739,129	\$ 124,324	\$ -0-	104,254,426
Net depreciated assets	145,700,243				152,879,306
Net capital assets	\$ 160,552,850				\$ 185,061,557

See Note 1 for additional information regarding capital assets.

Depreciation Expense

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, depreciation expense of the governmental activities was charged to functions as follows:

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 5. CAPITAL ASSETS (Continued)**

<u>Data Control Codes</u>	<u>Function</u>	<u>Amount</u>
0011	Instruction	\$ 4,246,657
0012	Instructional resources and media services	127,062
0023	School leadership	49,756
0031	Guidance, counseling, and evaluation services	22,997
0033	Health services	22,997
0034	Student transportation	750,821
0035	Food service	423,632
0036	Extracurricular activities	151,516
0041	General administration	59,010
0051	Plant maintenance and operations	558,021
0052	Security and monitoring services	240,493
0053	Data processing services	<u>86,167</u>
Total depreciation expense		<u>\$ 6,739,129</u>

Governmental Fund Construction Commitments

At August 31, 2021, the District had the following construction commitments:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitment</u>
CTE/High School Renovation	\$ 59,420,000	\$ 16,704,673	\$ 42,715,327
Transportation Center	16,885,000	9,186,658	7,698,342
New Stage – Central Elementary	1,671,140	1,142,018	529,122
Energy Upgrades	8,000,000	2,161,677	5,838,323

NOTE 6. LONG-TERM DEBT**Loans**

Short-term debts are accounted for through the appropriate fund, and consist of notes made in accordance with the provisions of the Texas Education Code. This District was not a party to any loan transactions during the year ended August 31, 2021.

General Obligation Bonds

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation reported are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts are amortized using the straight line method.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 6. LONG-TERM DEBT (Continued)****General Obligation Bonds (Continued)**

The following is a summary of the changes in the District's general obligation bonded debt as of August 31, 2021:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 09-01-20	Change	Amounts Outstanding 08-31-21
2010 Unlimited Tax Qualified School Construction Bonds	2.360%	\$ 7,945,000	\$ 2,837,500	\$(567,500)	\$ 2,270,000
2010A Unlimited Tax School Building Bonds	3.000%- 4.250%	20,310,000	380,000	(225,000)	155,000
2014 Unlimited Tax Refunding Bonds	3.500%	9,190,000	6,880,000	(520,000)	6,360,000
2015 Unlimited Tax Refunding Bonds	2.000%- 3.000%	8,650,000	7,810,000	(530,000)	7,280,000
2016 Unlimited Tax Refunding Bonds	2.250%- 3.000%	9,365,000	7,550,000	(705,000)	6,845,000
2017 Unlimited Tax Refunding Bonds	2.250%- 3.000%	21,025,000	21,025,000	-0-	21,025,000
2017 Unlimited Tax School Building Bonds	3.000%- 5.000%	6,835,000	6,075,000	(320,000)	5,755,000
2017A Unlimited Tax Refunding Bonds	2.500%- 5.000%	35,475,000	31,215,000	(1,885,000)	29,360,000
2018 Unlimited Tax Refunding Bonds	3.300%- 5.250%	9,425,000	8,325,000	(1,075,000)	7,250,000
2018A Unlimited Tax Refunding Bonds	3.000%- 5.000%	9,325,000	9,200,000	-0-	9,200,000
2020 Unlimited Tax School Building Bonds	2.500%- 5.000%	37,530,000	34,580,000	-0-	34,580,000
2021 Unlimited Tax School Building Bonds	1.000%- 4.000%	<u>28,510,000</u>	<u>-0-</u>	<u>(4,190,000)</u>	<u>24,320,000</u>
		<u>\$ 203,585,000</u>	<u>\$ 135,877,500</u>	<u>\$(9,987,500)</u>	<u>\$ 154,400,000</u>

The change in amounts of bonded debt outstanding for the year ended August 31, 2021 was as follows:

Bonds issued	\$ 28,510,000
Bonds matured	<u>(9,987,500)</u>
Change in Bonds Outstanding	<u>\$ 18,522,500</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 6. LONG-TERM DEBT (Continued)****General Obligation Bonds (Continued)**

Presented below is a summary of General Obligation bond requirements to maturity at August 31, 2021:

Year Ended August 31	General Obligation Bonds		Total Requirements
	Principal	Interest	
2022	\$ 8,832,500	\$ 5,294,124	\$ 14,126,624
2023	8,252,500	4,953,087	13,205,587
2024	8,557,500	4,627,024	13,184,524
2025	8,857,500	4,275,012	13,132,512
2026	9,525,000	3,683,679	13,208,679
2027-2031	49,815,000	12,569,934	62,384,934
2032-2036	34,800,000	5,318,778	40,118,778
2037-2041	14,190,000	2,490,906	16,680,906
2042-2045	<u>11,570,000</u>	<u>636,175</u>	<u>12,206,175</u>
Totals	<u>\$ 154,400,000</u>	<u>\$ 43,848,719</u>	<u>\$ 198,248,719</u>

During the year ended August 31, 2015, the District issued \$ 9,190,000 of Unlimited Tax Refunding Bonds, Series 2014, for the advance refunding \$ 8,930,000 of previously issued outstanding bonds (Series 2008 Unlimited Tax School Building Bonds). The bonds were issued in part as current interest bonds ("CIBs") (\$ 8,750,000) and in part as premium capital appreciation bonds ("CABs") (\$ 440,000). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 1,038,381. The economic gain resulting from the transaction was \$ 878,239.

During the year ended August 31, 2016, the District issued \$ 9,325,000 of Unlimited Tax Refunding Bonds, Series 2015, for the advance refunding \$ 9,213,000 of previously issued outstanding bonds (Series 2008 Unlimited Tax School Building Bonds). The bonds were issued in part as current interest bonds ("CIBs") (\$ 8,650,000) and in part as premium capital appreciation bonds ("CABs") (\$ 675,000). The District placed the proceeds of the refunding in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 1,755,926. The economic gain resulting from the transaction was \$ 1,462,689.

During the year ended August 31, 2016, the District issued \$ 9,365,000 of Unlimited Tax Refunding Bonds, Series 2016, for the advance refunding \$ 9,400,000 of previously issued outstanding bonds (Series 2008 Unlimited Tax School Building Bonds). The bonds were issued in part as current interest bonds ("CIBs"). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 2,208,574. The economic gain resulting from the transaction was \$ 1,898,153.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 6. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

During the prior year, the District issued \$ 21,025,000 of Unlimited Tax Refunding Bonds, Series 2017, for the current refunding of \$ 22,385,000 of previously issued outstanding bonds (Series 2008 Unlimited Tax School Building Bonds). The bonds were issued as current interest bonds (CIB's"). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 5,046,225. The economic gain resulting from the transaction was \$ 4,008,840. These bonds were paid in full on the date of refunding.

During the year ended August 31, 2018, the District issued \$ 6,835,000 of Unlimited Tax School Building Bonds, Series 2017, bearing interest at 3% to 5%. The bonds have a maturity date of February 15, 2027.

During the year ended August 31, 2018, the District issued \$ 34,475,000 of Unlimited Tax Refund Bonds, Series 2017A, for the advance refunding of \$ 39,165,000 of previously issued outstanding bonds (Series 2009 Unlimited Tax School Building Bonds, which were issued as current interest bonds – "CIBs"). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 8,597,603. The economic gain resulting from the transaction was \$ 7,430,131. These bonds were paid in full on the date of refunding.

During the year ended August 31, 2019, the District issued \$ 9,425,000 of Unlimited Tax Refunding Bonds, Series 2018, for the advance refunding of \$ 7,730,000 of previously issued outstanding bonds (a portion of Series 2010 Unlimited Tax School Building Bonds, which were issued as current interest bonds – "CIBs") and \$ 2,915,000 of previously issued outstanding refunding bonds (Series 2010A). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 2,150,458. The economic gain resulting from the transaction was \$ 643,476. These bonds were paid in full on the date of refunding.

During the year ended August 31, 2019, the District issued \$ 9,325,000 of Unlimited Tax Refunding Bonds, Series 2018A, for the advance refunding of \$ 10,625,000 of previously issued outstanding bonds (a portion of Series 2010 Unlimited Tax School Building Bonds, which were issued as current interest bonds – "CIBs"). The District placed the proceeds of the refunding issue in an escrow fund. The escrow fund is irrevocably pledged to the payment of principal and interest on the issues being refunded. The difference between the cash flow required to service the new debt and complete the refunding at the date of the refunding was \$ 2,304,496. The economic gain resulting from the transaction was \$ 815,178. These bonds were paid in full on the date of refunding.

During the year ended August 31, 2020, the District issued \$ 37,530,000 of Unlimited Tax School Building Bonds, Series 2020, bearing interest at 2.5% to 5%. The bonds have a maturity date of February 15, 2045.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

NOTE 6. LONG-TERM DEBT (Continued)**General Obligation Bonds (Continued)**

During the year ended August 31, 2021, the District issued \$ 28,510,000 of Unlimited Tax School Building Bonds, Series 2021, bearing interest at 1.00% to 4.00%. The bonds have a maturity date of February 15, 2045.

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2021.

Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2021, was as follows:

	(Restated) Balance 09-01-20	Additions	Reductions	Balance 08-31-21	Due Within One Year
Long-Term Debt:					
General obligation bonds	\$ 135,877,500	\$ 28,510,000	\$ 9,987,500	\$ 154,400,000	\$ 8,832,500
Capital lease	110,663		39,058	71,605	39,057
Net pension liability	20,591,233	8,134,709	7,996,280	20,729,662	
Net OPEB liability	24,446,706	2,043,777	6,916,207	19,574,276	
Components of Long-Term Debt:					
Premium on general obligation bonds	<u>10,198,556</u>	<u>1,896,907</u>	<u>723,806</u>	<u>11,371,657</u>	<u>751,523</u>
Totals	<u>\$ 191,224,658</u>	<u>\$ 40,585,393</u>	<u>\$ 25,662,851</u>	<u>\$ 206,147,200</u>	<u>\$ 9,623,080</u>

NOTE 7. COMMITMENTS UNDER LEASES

During the year ended August 31, 2018, the District entered into a capital lease for 17 Canon copiers, which are disbursed throughout the District. The lease, which carries no requirement for an interest payment, calls for sixty monthly payments of \$ 3,255.

The following is a schedule of future minimum lease payments under capital lease, together with the new present value of the minimum lease payments, as of August 31, 2021:

Year Ended August 31	Total Requirements
2022	\$ 39,057
2023	<u>32,548</u>
Total Minimum Rental	<u>\$ 71,605</u>

For the year ended August 31, 2021, the District did not have any operating leases.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

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

Contribution Rates

	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	7.5%
Employers	6.8%	7.5%
Employer # 0331 - 2021 Employer Contributions	\$	1,596,983
Employer # 0331 - 2021 Member Contributions	\$	1,446,362
Employer # 0331 - 2021 NECE On-behalf Contributions	\$	2,449,486
Employer # 0331 - 2021 Medicare Part D Contributions	\$	222,716

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

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

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

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was 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%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

Discount Rate

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

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

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Arithmetic Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value:			
Government Bonds	16%	-0.70%	-0.05%
Stable Value Hedge Funds	5%	1.90%	0.11%
Real Return:			
Real Estate	15%	4.60%	1.01%
Energy, Natural Resources and Infrastructure	6%	6%	0.42%
Risk Parity:			
Risk Parity	8%	3%	0.30%
Leverage:			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.33%

* Target allocations are based on the FY2020 policy model.

** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020).

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

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)****Discount Rate Sensitivity Analysis**

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the Net pension liability	\$ <u>31,964,768</u>	\$ <u>20,729,662</u>	\$ <u>11,601,385</u>

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

At August 31, 2021, the District reported a liability of \$ 20,729,662 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 20,729,662
State's proportionate share that is associated with the District	<u>10,590,862</u>
Total	\$ <u>31,320,524</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0387051000% which was an decrease of 0.0009062788% from its proportion measured as of August 31, 2019.

Changes since the prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$ 2,137,288 and revenue of \$ 2,449,486 for support provided by the State.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 37,851	\$ 578,510
Changes in actuarial assumptions	4,810,019	2,045,187
Net difference between projected and actual investment earnings	419,655	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	800,529	331,772
Contributions paid to TRS subsequent to the measurement date	<u>1,730,611</u>	<u> </u>
Total	<u>\$ 7,798,665</u>	<u>\$ 2,955,469</u>

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

Year Ended August 31,	Pension Expense Amount
2022	\$ 903,153
2023	1,103,983
2024	1,055,218
2025	331,254
2026	(257,652)
Thereafter	(23,371)

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**Plan Description**

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. 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. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**Contribution Rates

	<u>2020</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding remitted by Employers	1.25%
Employer # 0331 - 2021 Employer Contributions	\$ 416,728
Employer # 0331 - 2021 Member Contributions	\$ 125,399
Employer # 0331 - 2021 NECE On-behalf Contributions	\$ 525,903

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB Program). When hiring a TRS retiree, employers are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020.

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020:

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

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

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED AUGUST 31, 2021

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (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%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 9.00%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There 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 active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (1.33%)</u>	<u>Current Single Discount Rate (2.33%)</u>	<u>1% Increase in Discount Rate (3.33%)</u>
District’s proportionate share of the Net OPEB Liability	\$ <u>23,489,086</u>	\$ <u>19,574,276</u>	\$ <u>16,482,137</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2021, the District reported a liability of \$ 19,574,276 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's Proportionate share of the collective Net OPEB Liability	\$ 19,574,276
State's proportionate share that is associated with the District	<u>11,222,621</u>
Total	<u>\$ 30,796,897</u>

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

At August 31, 2020, the employer's proportion of the collective Net OPEB Liability was 0.0514915820%, compared to 0.0516939569% as of August 31, 2019.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District's proportionate share of the Net OPEB Liability	<u>\$ 15,989,675</u>	<u>\$ 19,574,276</u>	<u>\$ 24,348,457</u>

Changes since the prior Actual Valuation

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

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

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)**

Changes of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was \$ 1,054,576

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,024,901	\$ 8,958,189
Changes in actuarial assumptions	1,207,326	5,375,197
Net difference between projected and actual investment earnings	6,361	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,044,601	113,443
Contributions paid to TRS subsequent to the measurement date	<u>416,728</u>	
Total	\$ <u>3,699,917</u>	\$ <u>14,446,829</u>

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

<u>Year Ended August 31,</u>	<u>OPEB Expense Amount</u>
2022	\$ (1,859,648)
2023	(1,860,499)
2024	(1,860,985)
2025	(1,860,852)
2026	(1,338,022)
Thereafter	(2,383,635)

For the year ended August 31, 2021, the District recognized OPEB expense of \$ 1,054,576 and revenue of \$ 525,903 for support provided by the State.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 10. GENERAL FUND FEDERAL SOURCE REVENUES**

During the current year, federal funds reported in the general Fund were as follows:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Total</u>
Direct Costs:		
School Health and Related Services (SHARS)	--	\$ 1,164,270
Indirect Costs:		
National School Lunch Program	10.555	221,102
Title I, Part A - Improving Basic Programs	84.010	64,576
Title I, Part D - Improving Basic Programs	84.010	7,354
IDEA, Part B - Formula	84.027	88,839
IDEA, Part B - Preschool	84.173	2,106
Title X, Part C Education for Homeless Children And Youth	84.196A	2,370
Vocational Education - Basic	84.048	2,975
Title II, Part A - Teacher and Principal Training and Recruiting	84.367	37,745
Title III, Part A - English Language and Language Enhancement	84.365	4,951
Title IV, Part A, Subpart 1	84.424A	3,848
ESSER Grant	84.425D	34,724
Instructional Continuity	84.377A	1,465
CRRSA ESSET II	84.425D	76,268
Coronavirus Relief Funds	21.019	<u>217,916</u>
Total		\$ <u>1,930,509</u>

The School Health and Related Services (SHARS) funds are not considered federal financial assistance for inclusion in the Schedule of Federal Financial Assistance.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 12. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 13. RISK POOL PARTICIPATION

The District is a participant in the Texas Association of School Boards, Inc. (TASB) Risk Management Fund for coverage of worker's compensation, unemployment compensation, and casualty insurance.

Workers' Compensation Pool

During the year ended August 31, 2021, Angleton ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$ 2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2020, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Liability Program

During the year ended August 31, 2021, Angleton ISD participated in the TASB Risk Management Fund's (the Fund's) Liability Program with coverage in:

Auto Liability
Auto Physical Damage
School Liability
Privacy & Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2021, the Fund anticipates Angleton ISD has no additional liability beyond the contractual obligations for payment of contributions.

ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 13. RISK POOL PARTICIPATION Continued)

Liability Program (Continued)

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2021, Angleton ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members. For the year ended August 31, 2021, the Fund anticipates that Angleton ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

NOTE 14. JOINT VENTURED-SHARED SERVICE ARRANGEMENTS

The District participates in a Shared Services Arrangement ("SSA") for the hearing impaired through the Brazoria-Fort Bend Cooperative with eleven other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Fort Bend Independent School District, 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 Angleton Independent School District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The amount of state revenues and expenditures attributable to the District's participation is not available.

The District reimburses Fort Bend Independent School District for their share of expenditures incurred which exceed the state funded portion. Local revenues are utilized to cover these expenditures. The District included the following expenditures in these financial statements.

Expenditures:

6492	Payments to fiscal agents	\$	22,600
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ANGLETON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2021

NOTE 15. DEFICIT FUND BALANCE

As of August 31, 2021, the Stadium Operations (special revenue fund) had a deficit fund balance of \$ 1,631. This deficit balance will either be offset by future revenues or reimbursed by the General Fund.

NOTE 16. TAX ABATEMENTS

The District enters into appraised value limitations with local businesses under the Texas Economic Development Act (Tax Code Chapter 313). Under the Act, an appraised value limitation is an agreement in which a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for the District's maintenance and operations tax (M&O) purposes. The minimum limitation value varies by District. The application for a limitation on the appraised value for M&O purposes is submitted directly to the District and requires an application fee that is established by the District. Tax credits are applicable only to applications determined to be complete prior to January 1, 2014. To qualify for a tax credit, a separate application must be submitted to the District after property taxes for the last complete year of the qualifying time period are paid. The credit is for M&O taxes paid in excess of the limitation amount in each complete year of the qualifying time period. The District's tax collector must credit the overage in equal parts over the last seven years of the agreement, but the credit in each year may not exceed 50 percent of the total taxes paid on the qualified property during that year. Any eligible amount not credited during the seven-year period are to be credited over the following three years, but the amount credited in each year may not exceed the total taxes paid on the qualified property in that year.

The District enters into property tax abatement agreements with local businesses. The abatement agreements, which were approved by the District's Board of Trustees, call for a partial or full abatement of property taxes for a range of ten years. The agreements call for a minimal annual fee to be paid during the years of active abatement. The District has the following tax abatement agreements in place which span a total of two entities as follows:

1. The District entered in an agreement with INEOS USA LLC on December 19, 2016. In addition to the tax abatement, INEOS USA LLC has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1099. The District received a revenue loss payment in the amount of \$ 1,960,785 during the current year.
2. The District entered into an agreement with INEOS USA LLC on December 19, 2017. In addition to the tax abatement, INEOS USA LLC has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1192. The District received supplemental payments in lieu of taxes in the amount of \$ 268,623 during the current year.

ANGLETON INDEPENDENT SCHOOL DISTRICT**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED AUGUST 31, 2021****NOTE 17. PRIOR PERIOD CORRECTIONS AND ADJUSTMENT**

During the year ended August 31, 2021, it was determined that prior period fund balances and net position need to be adjusted. The prior period adjustment includes adjusting for state revenues previously included in the incorrect fiscal year, and adjusting for the change in general fixed assets and associated accumulated depreciation as well as debt premiums and bond refunding costs which were not reported correctly.

The following represents the retroactive restatement of fund balances and net position as a result of prior period adjustment as noted above:

	<u>General Fund</u>
Fund Balances, August 31, previously reported	\$ 40,222,199
Adjustment for State Revenues	<u>(1,188,590)</u>
Fund Balance, August 31, restated	<u>\$ 39,033,609</u>
	<u>Net Position</u>
Net position, August 31, previously reported	\$ 56,035,948
Adjustment For:	
Net Premium	(991,699)
Net refunding cost	456,361
General fixed assets	(845,085)
Accumulated depreciation	(1,849,742)
State Revenues	<u>(1,188,590)</u>
Total adjustments	<u>4,418,755</u>
Net position, August 31, restated	<u>\$ 51,617,193</u>

During the current fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position of the District's custodial fund has been restated as follows:

	<u>Custodial Fund</u>
Beginning net position, as originally presented	\$ -0-
Adjustment	<u>306,154</u>
Beginning net position, as restated	<u>\$ 306,154</u>

NOTE 18. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 14, 2022, the date which the financial statements were available to be issued. The District issued \$14,205,000 Unlimited Tax School Building Bonds, Series 2002 on January 10, 2022.

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REQUIRED SUPPLEMENTARY INFORMATION

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ANGLETON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED AUGUST 31, 2021**

Exhibit G-1

		General Fund			Variance with Final Budget
Data Control Codes		Budgeted Amounts		Actual Amounts	Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 34,508,680	\$ 35,075,578	\$ 36,661,960	\$ 1,586,382
5800	State program revenues	34,502,320	34,502,320	36,441,647	1,939,327
5900	Federal program revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,930,509</u>	<u>930,509</u>
5020	Total revenues	<u>70,011,000</u>	<u>70,577,898</u>	<u>75,034,116</u>	<u>4,456,218</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	41,039,479	40,189,238	37,962,845	2,226,393
0012	Instructional resources and media services	807,393	866,672	810,960	55,712
0013	Curriculum and staff development	1,404,567	1,683,280	1,530,312	152,968
0021	Instructional leadership	1,219,313	1,307,293	1,259,449	47,844
0023	School leadership	3,782,787	3,986,383	3,886,511	99,872
0031	Guidance, counseling, and evaluation services	2,124,658	2,146,043	2,086,407	59,636
0032	Social work services	499,561	539,561	475,108	64,453
0033	Health services	833,039	898,845	847,276	51,569
0034	Student (pupil) transportation	2,927,864	2,947,864	2,731,442	216,422
0036	Extracurricular activities	1,558,402	1,803,039	1,679,738	123,301
0041	General administration	2,263,804	2,356,919	2,223,962	132,957
0051	Plant maintenance and operations	8,310,281	8,957,781	8,122,291	835,490
0052	Security and monitoring services	970,159	1,204,275	1,131,757	72,518
0053	Data processing services	1,685,635	1,985,135	1,469,508	515,627
0071	Principal on long-term debt	39,058	39,058	39,058	-0-
0081	Facilities acquisition and construction	200,000	6,289	3,789	2,500
0093	Payments related to shared services arrangements	40,000	40,000	22,600	17,400
0095	Payments to Juvenile Justice Alternative Education Programs	5,000	15,000	7,400	7,600
0099	Other intergovernmental charges	<u>300,000</u>	<u>313,900</u>	<u>310,158</u>	<u>3,742</u>
6030	Total expenditures	<u>70,011,000</u>	<u>71,286,575</u>	<u>66,600,571</u>	<u>4,686,004</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>(708,677)</u>	<u>8,433,545</u>	<u>9,142,222</u>
1200	Net change in fund balances	-0-	(708,677)	8,433,545	9,142,222
0100	Fund balances – beginning (restated, see Note 17)	<u>39,033,609</u>	<u>39,033,609</u>	<u>39,033,609</u>	<u>-0-</u>
3000	Fund balances – ending	\$ 39,033,609	\$ 38,324,932	\$ 47,467,154	\$ 9,142,222

ANGLETON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS – COST SHARING EMPLOYER PLAN
FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31 (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension Liability	0.0387051%	0.0396114%	0.0392324%	0.0380832%
District's proportionate share of the net pension liability	\$ 20,729,662	\$ 20,591,233	\$ 21,644,556	\$ 12,176,945
State's proportionate share of the net pension liability associated with the District	<u>10,590,862</u>	<u>13,859,271</u>	<u>11,030,964</u>	<u>6,309,687</u>
Total	<u>\$ 31,320,524</u>	<u>\$ 34,450,504</u>	<u>\$ 32,675,520</u>	<u>\$ 18,486,632</u>
District's covered payroll	\$ 46,835,742	\$ 42,962,513	\$ 41,688,346	\$ 40,205,020
District's proportionate share of the net pension liability as a percentage of its covered payroll	44.26%	47.93%	51.92%	30.29%
Plan fiduciary net position as a percentage of total pension liability	75.54%	75.24%	73.74%	82.17%

(1) The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date), therefore, only six years of required supplemental information is available.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.378384%	0.0394455%	0.0264997%
\$ 14,298,560	\$ 13,943,459	\$ 7,078,437
<u>7,540,826</u>	<u>7,494,244</u>	<u>4,274,775</u>
\$ <u>21,839,386</u>	\$ <u>21,437,703</u>	\$ <u>11,353,212</u>
\$ 38,830,560	\$ 37,024,159	\$ 34,928,944
36.82%	37.66%	20.27%
78.00%	78.43%	83.25%

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED PENSION CONTRIBUTIONS -
COST SHARING EMPLOYER PLAN
FOR THE LAST TEN YEARS ENDED AT AUGUST 31 (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,730,611	\$ 1,596,985	\$ 1,324,706	\$ 1,248,144
Contributions in relation to the contractually required contribution	<u>1,730,611</u>	<u>1,596,985</u>	<u>1,324,706</u>	<u>1,248,144</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
District's covered payroll	\$ 49,367,844	\$ 46,835,742	\$ 42,962,513	\$ 41,688,346
Contributions as a percentage of covered payroll	3.51%	3.41%	3.08%	2.99%

(1) - The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date), therefore, only six years of required supplemental information is available.

EXHIBIT G-3

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,202,221	\$ 1,168,000	\$ 671,841
<u>1,202,221</u>	<u>1,168,000</u>	<u>671,841</u>
\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
\$ 40,205,020	\$ 38,830,560	\$ 37,024,159
2.99%	3.01%	1.81%

ANGLETON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND RELATED RATIOS - COST SHARING EMPLOYER PLAN
FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31 (1)**

Exhibit G-4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB Liability	0.514916%	0.0516940%	0.0514283%	0.0492034%
District's proportionate share of the net OPEB liability	\$ 19,574,276	\$ 24,446,706	\$ 25,678,638	\$ 21,396,711
State's proportionate share of the net OPEB liability associated with the District	<u>11,222,621</u>	<u>13,949,044</u>	<u>14,746,061</u>	<u>12,504,497</u>
Total	<u>\$ 30,796,897</u>	<u>\$ 38,395,750</u>	<u>\$ 40,424,699</u>	<u>\$ 33,901,208</u>
District's covered payroll	\$ 46,835,742	\$ 42,962,513	\$ 41,688,346	\$ 40,205,020
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.79%	56.90%	61.60%	53.22%
Plan fiduciary net position as a percentage of total OPEB liability	4.99%	2.66%	1.57%	0.91%

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED OPEB CONTRIBUTIONS - COST SHARING
EMPLOYER PLAN
FOR THE LAST TEN YEARS ENDED AUGUST 31 (1)

Exhibit G-5

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 416,728	\$ 366,884	\$ 354,782	\$ 255,809
Contributions in relation to the contractually required contribution	<u>416,728</u>	<u>366,884</u>	<u>354,782</u>	<u>255,809</u>
Contribution deficiency (excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
District's covered payroll	\$ 49,367,844	\$ 46,835,742	\$ 42,962,513	\$ 41,688,346
Contributions as a percentage of covered payroll	0.84%	0.78%	0.83%	0.61%

- 1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available

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OTHER SUPPLEMENTARY INFORMATION

ANGLETON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		206	211	224	225	Special 226
		ESEA, Title X Part C Education for Homeless Children and Youth	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary
	ASSETS					
1110	Cash and cash equivalents	\$ 4,415	\$	\$	\$	\$
1240	Receivables from other governments	18,400	326,318	570,489	13,548	
1260	Due from other funds	2,705	144			
1290	Other receivables					
1300	Inventories					
1000	Total assets	<u>\$ 25,520</u>	<u>\$ 326,462</u>	<u>\$ 570,489</u>	<u>\$ 13,548</u>	<u>\$ -0-</u>
	LIABILITIES AND FUND BALANCES					
	Liabilities:					
2110	Accounts payable	\$	\$	\$	\$	\$
2150	Payroll deductions and withholdings		702	1,006	32	
2160	Accrued wages payable		48,425	69,365	2,234	
2170	Due to other funds	25,520	277,335	500,118	11,282	
2300	Deferred revenue					
2000	Total liabilities	<u>25,520</u>	<u>326,462</u>	<u>570,489</u>	<u>13,548</u>	<u>-0-</u>
	Fund Balances:					
	Non-Spendable:					
3410	Inventories					
	Restricted:					
3450	Grant Funds					
3490	Other purposes					
3600	Unassigned					
3000	Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
4000	Total liabilities and fund balances	<u>\$ 25,520</u>	<u>\$ 326,462</u>	<u>\$ 570,489</u>	<u>\$ 13,548</u>	<u>\$ -0-</u>

Revenue Funds

240 National School Breakfast and Lunch Program	244 Career and Technical Education Basic Grant	255 ESEA, Title II Part A: Teacher and Principal Training and Recruiting	263 English Language Acquisition and Language Enhancement	266 ESSER I Grant	272 Medicaid Administrative Claiming Program	276 Title I School Improvement Program Academy Grant	281 ESSER II Grant
\$ 183,132	\$ 17,456	\$ 158,958	\$ 28,543	\$ 191,417	\$ 51,205	\$ 27,645	\$ 556,224
272,101		9,620			12,198		1,439,162
197,197							
3,135							
248,271							
<u>\$ 903,836</u>	<u>\$ 17,456</u>	<u>\$ 168,578</u>	<u>\$ 28,543</u>	<u>\$ 191,417</u>	<u>\$ 63,403</u>	<u>\$ 27,645</u>	<u>\$ 1,995,386</u>
\$ 244	\$	\$	\$	\$	\$	\$	\$
3,363			98				
80,642			6,768				31
221,102	17,456	168,578	21,677	191,417	63,403	27,645	1,944,621
148,967							50,734
<u>454,318</u>	<u>17,456</u>	<u>168,578</u>	<u>28,543</u>	<u>191,417</u>	<u>63,403</u>	<u>27,645</u>	<u>1,995,386</u>
248,271							
201,247							
<u>449,518</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 903,836</u>	<u>\$ 17,456</u>	<u>\$ 168,578</u>	<u>\$ 28,543</u>	<u>\$ 191,417</u>	<u>\$ 63,403</u>	<u>\$ 27,645</u>	<u>\$ 1,995,386</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2021

Data Control Codes		282	289	397	410	Special 429
		ESSER III Grant	Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Instructional Materials Fund	AP/IB Campus Awards
	ASSETS					
1110	Cash and cash equivalents	\$	\$	\$ 728	\$ 6,296	\$ 3,296
1240	Receivables from other governments	109,657	33,875			
1260	Due from other funds					
1290	Other receivables					
1300	Inventories					
1000	Total assets	<u>\$ 109,657</u>	<u>\$ 33,875</u>	<u>\$ 728</u>	<u>\$ 6,296</u>	<u>\$ 3,296</u>
	LIABILITIES AND FUND BALANCES					
	Liabilities:					
2110	Accounts payable	\$	\$		\$	\$
2150	Payroll deduction and withholdings	1,230				
2160	Accrued wages payable	87,590				
2170	Due to other funds	20,837	33,875			
2300	Deferred revenue			728	6,296	3,296
2000	Total liabilities	<u>109,657</u>	<u>33,875</u>	<u>728</u>	<u>6,296</u>	<u>3,296</u>
	Fund Balances:					
	Non-Spendable:					
3410	Inventories					
	Restricted:					
3450	Grant Funds					
3490	Other purposes					
3600	Unassigned					
3000	Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
4000	Total liabilities and fund balances	<u>\$ 109,657</u>	<u>\$ 33,875</u>	<u>\$ 728</u>	<u>\$ 6,296</u>	<u>\$ 3,296</u>

Revenue Funds		
461	480	
Campus Activity Funds	Stadium Operations	Total Nonmajor Governmental Funds
\$ 49,877	\$ 38,369	\$ 893,542
		3,219,767
		209,666
	27,000	30,135
		248,271
<u>\$ 49,877</u>	<u>\$ 65,369</u>	<u>\$ 4,601,381</u>
\$	\$	\$ 244
		6,431
		295,055
10	40,000	3,564,876
	27,000	237,021
<u>10</u>	<u>67,000</u>	<u>4,103,627</u>
		248,271
		201,247
49,867		49,867
	(1,631)	(1,631)
<u>49,867</u>	<u>(1,631)</u>	<u>497,754</u>
<u>\$ 49,877</u>	<u>\$ 65,369</u>	<u>\$ 4,601,381</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

Data Control Codes		206	211	224	225	Special 226
		ESEA, Title X Part C Education for Homeless Children and Youth	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary
	REVENUES:					
5700	Local and intermediate sources	\$	\$	\$	\$	\$
5800	State program revenues					
5900	Federal program revenues	42,534	1,315,679	1,583,928	37,721	69,038
5020	Total revenues	42,534	1,315,679	1,583,928	37,721	69,038
	EXPENDITURES:					
	Current:					
0011	Instruction		1,211,362	1,060,169	37,721	69,038
0012	Instructional resources and media services		2,449			
0013	Curriculum and staff development		101,325			
0021	Instructional leadership			81,927		
0023	School leadership		543			
0031	Guidance, counseling and evaluation services			441,832		
0032	Social work services	42,534				
0033	Health services					
0034	Student (pupil) transportation					
0035	Food Service					
0036	Extracurricular activities					
0041	General administration					
0051	Plant maintenance and operations					
0052	Security and monitoring services					
0053	Data processing services					
6030	Total expenditures	42,534	1,315,679	1,583,928	37,721	69,038
1100	Excess (deficiency) of revenues over expenditures	-0-	-0-	-0-	-0-	-0-
1200	Net changes in fund balances	-0-	-0-	-0-	-0-	-0-
0100	Fund balances – beginning					
3000	Fund balances - ending	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Revenue Funds							
240 National School Breakfast and Lunch Program	244 Career and Technical Education Basic Grant	255 ESEA, Title II Part A: Teacher and Principal Training and Recruiting	263 English Language Acquisition and Language Enhancement	266 ESSER I Grant	272 Medicaid Administrative Claiming Program	276 Title I School Improvement Program Academy Grant	281 ESSER II Grant
\$ 346,554	\$	\$	\$	\$	\$	\$	\$
47,767				14,364			
4,128,160	75,054	687,260	89,718	633,962	39,756	26,180	1,868,385
4,522,481	75,054	687,260	89,718	648,326	39,756	26,180	1,868,385
	36,106		89,718	39,909	39,756	26,180	858,641
							15,276
		186,586		72,000			18,713
							19,858
		500,674					93,158
	38,948						40,328
							11,457
							23,238
							80,060
4,375,083							
				291,209			6,110
							29,788
							120,023
							27,914
				245,208			523,821
4,375,083	75,054	687,260	89,718	648,326	39,756	26,180	1,868,385
147,398	-0-	-0-	-0-	-0-	-0-	-0-	-0-
147,398	-0-	-0-	-0-	-0-	-0-	-0-	-0-
302,120							
\$ 449,518	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

ANGLETON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2021

Data Control Codes		282	289	397	410	Special 429
		ESSER III Grant	Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Instructional Materials Fund	AP/IB Campus Awards
	REVENUES:					
5700	Local and intermediate sources	\$	\$	\$	\$	\$
5800	State program revenues	1,722		4,050	609,146	95,838
5900	Federal program revenues	109,657	90,682			
5020	Total revenues	111,379	90,682	4,050	609,146	95,838
	EXPENDITURES:					
	Current:					
0011	Instruction	74,735	21,409		603,552	585
0012	Instructional resources and media services					
0013	Curriculum and staff development	22,204	13,398	4,050	5,594	
0021	Instructional leadership	9,471				
0023	School leadership					
0031	Guidance, counseling and evaluation services		55,875			
0032	Social work services	4,969				
0033	Health services					
0034	Student (pupil) transportation					
0035	Food Service					
0036	Extracurricular activities					
0041	General administration					
0051	Plant maintenance and operations					
0052	Security and monitoring services					95,253
0053	Data processing services					
6030	Total expenditures	111,379	90,682	4,050	609,146	95,838
1100	Excess (deficiency) of revenues over expenditures	-0-	-0-	-0-	-0-	-0-
1200	Net changes in fund balances	-0-	-0-	-0-	-0-	-0-
0100	Fund balances – beginning					
3000	Fund balances - ending	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Revenue Funds		
461	480	
Campus Activity Funds	Stadium Operations	Total Nonmajor Governmental Funds
\$ 406,850	\$ 22,812	\$ 776,216
45	199	773,131
		10,797,714
<u>406,895</u>	<u>23,011</u>	<u>12,347,061</u>
		4,168,881
		17,725
		423,870
		111,256
		594,375
		576,983
		58,960
		23,238
		80,060
	14,807	4,389,890
357,028		363,138
		29,788
		411,232
		123,167
		<u>769,029</u>
<u>357,028</u>	<u>14,807</u>	<u>12,141,592</u>
<u>49,867</u>	<u>8,204</u>	<u>205,469</u>
49,867	8,204	205,469
	(9,835)	292,285
<u>\$ 49,867</u>	<u>\$(1,631)</u>	<u>\$ 497,754</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED AUGUST 31, 2021

Last Ten Years Ended August 31,	1	2	3	10
	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance September 1, 2020
	Maintenance	Debt Service		
2012 and Prior	\$ ----	\$ ----	\$ ----	\$ 293,737
2013	1.0400	0.4152	2,213,427,570	91,530
2014	1.0400	0.4152	2,119,441,932	53,790
2015	1.0400	0.4152	2,209,471,508	44,903
2016	1.0400	0.4152	2,299,289,857	49,527
2017	1.0400	0.4152	2,339,919,667	88,924
2018	1.0400	0.4152	2,400,545,492	158,279
2019	1.0400	0.4152	2,730,758,521	240,404
2020	0.9700	0.4152	2,966,517,326	551,251
2021 (School Year Under Audit)	0.9161	0.4152	3,371,918,801	
1000 Totals				\$ <u>1,572,345</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2021
\$	\$ 13,031	\$ 3,470	\$(58,258)	\$ 218,978
	2,241	895	(409)	87,985
	2,392	955	(409)	50,034
	2,720	1,086	(409)	40,688
	4,447	1,775	(447)	42,858
	13,262	5,295	(2,349)	68,018
	64,015	25,557	25,372	94,079
	102,456	40,903	25,042	122,087
	250,455	107,205	(2,007)	191,584
<u>44,890,355</u>	<u>32,245,865</u>	<u>14,614,652</u>	<u>2,392,767</u>	<u>422,605</u>
<u>\$ 44,890,355</u>	<u>\$ 32,700,884</u>	<u>\$ 14,801,793</u>	<u>\$ 2,378,893</u>	<u>\$ 1,338,916</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL - FOOD SERVICE SPECIAL REVENUE FUND****YEAR ENDED AUGUST 31, 2021**

Exhibit J-2

Page 1 of 1

		Food Service Special Revenue Fund			Variance with Final Budget Positive (Negative)
Data Control Codes		Budgeted Amounts		Actual Amounts	
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 269,700	\$ 321,225	\$ 346,554	\$ 25,329
5800	State program revenues	45,200	45,200	47,767	2,567
5900	Federal program revenues	<u>3,859,000</u>	<u>3,954,900</u>	<u>4,128,160</u>	<u>173,260</u>
5020	Total revenues	<u>4,173,900</u>	<u>4,321,325</u>	<u>4,522,481</u>	<u>201,156</u>
	EXPENDITURES:				
	Current:				
0035	Food Service	<u>4,173,900</u>	<u>4,321,325</u>	<u>4,375,083</u>	(<u>53,758</u>)
6030	Total expenditures	<u>4,173,900</u>	<u>4,321,325</u>	<u>4,375,083</u>	(<u>53,758</u>)
1100	Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>147,398</u>	<u>147,398</u>
1200	Net change in fund balances	-0-	-0-	147,398	147,398
0100	Fund balances – beginning	<u>302,120</u>	<u>302,120</u>	<u>302,120</u>	<u>-0-</u>
3000	Fund balances – ending	<u>\$ 302,120</u>	<u>\$ 302,120</u>	<u>\$ 449,518</u>	<u>\$ 147,398</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED AUGUST 31, 2021

Exhibit J-3
Page 1 of 1

		Debt Service Fund			Variance with Final Budget Positive (Negative)
Data Control Codes		Budgeted Amounts		Actual Amounts	
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 15,715,731	\$ 15,715,731	\$ 16,669,486	\$ 953,755
5800	State program revenues	<u>170,461</u>	<u>170,461</u>	<u>165,980</u>	<u>(4,481)</u>
5020	Total revenues	<u>15,886,192</u>	<u>15,886,192</u>	<u>16,835,466</u>	<u>949,274</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on long-term debt	10,950,774	10,950,774	9,987,500	963,274
0072	Interest on long-term debt	4,923,418	5,423,418	5,413,830	9,588
0073	Bond issuance costs and fees	<u>12,000</u>	<u>412,000</u>	<u>406,823</u>	<u>5,177</u>
6030	Total expenditures	<u>15,886,192</u>	<u>16,786,192</u>	<u>15,808,153</u>	<u>978,039</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>(900,000)</u>	<u>1,027,313</u>	<u>1,927,313</u>
	OTHER FINANCING SOURCES:				
7916	Premium or discount on the issuance of bonds			<u>406,907</u>	<u>406,907</u>
	Total other financing sources and	<u>-0-</u>	<u>-0-</u>	<u>406,907</u>	<u>406,907</u>
1200	Net change in fund balances	-0-	(900,000)	1,434,220	2,334,220
0100	Fund balances – beginning	<u>4,096,985</u>	<u>4,096,685</u>	<u>4,096,685</u>	<u>-0-</u>
3000	Fund balances – ending	<u>\$ 4,096,685</u>	<u>\$ 3,196,685</u>	<u>\$ 5,530,905</u>	<u>\$ 2,334,220</u>

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FEDERAL AWARDS SECTION

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Independent Auditor's Report

On Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Angleton Independent School District
Angleton, Texas 77515

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Angleton 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, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

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

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

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

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2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Compliance and Other Matters

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

Purpose of this Report

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

KM&L, LLC

Lake Jackson, Texas
January 14, 2022



Independent Auditor's Report
On Compliance for Each Major Program and on Internal Control Over Compliance Required by
the Uniform Guidance

To the Board of Trustees
Angleton Independent School District
Angleton, Texas 77515

Report on Compliance for Each Major Federal Program

We have audited Angleton Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Internal Control Over Compliance

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

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

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

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

KM&L, LLC

Lake Jackson, Texas
January 14, 2022

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2021

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None.
4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a): No.
7. Major programs include:
 - Cluster Program:
 - School Breakfast Program - CFDA #10.553
 - National School Lunch Program - CFDA #10.555
 - Summer Food Service Program - CFDA #10.559
 - Elementary and Secondary School Emergency Relief Fund - CFDA #84.425D
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
9. Low risk auditee: Yes.

II. Findings related to the financial statements

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal awards.

The audit disclosed no findings required to be reported.

*Because We're
Wildcats!*



Connie Cox
Director of Finance
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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs.
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

ANGLETON INDEPENDENT SCHOOL DISTRICT...A TRADITION OF EXCELLENCE

is the policy of the Angleton Independent School District not to discriminate on the basis of race, color, national origin, sex, handicap, or age as required by Title VI of the Civil Rights Act of 1964, as amended; Title I of the Education Amendments of 1972; the Age Discrimination Act of 1975, as amended; and Section 504 of the Rehabilitation Act of 1973, as amended.
s norma de Angleton Independent School District no discriminar por motivos de raza, color, origen nacional, sexo, impedimento o edad tal como lo requieren el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas en la Educación, de 1972, la ley de Discriminación por Edad, de 1975, según enmienda, y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda.

*Because We're
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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding, included in the current year auditor's reports. The corrective action plan is as follows:

None.

ANGLETON INDEPENDENT SCHOOL DISTRICT...A TRADITION OF EXCELLENCE

is the policy of the Angleton Independent School District not to discriminate on the basis of race, color, national origin, sex, handicap, or age as required by Title VI of the Civil Rights Act of 1964, as amended; Title I of the Education Amendments of 1972; the Age Discrimination Act of 1975, as amended; and Section 504 of the Rehabilitation Act of 1973, as amended.
s norma de Angleton Independent School District no discriminar por motivos de raza, color, origen nacional, sexo, impedimento o edad tal como lo requieren el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas en la Educación, de 1972, la ley de Discriminación por Edad, de 1975, según enmienda, y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda.

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

Exhibit K-1
Page 1 of 3

(1)	(2)	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number		
<u>U.S. Department of Education</u>			
Passed Through State Department of Education:			
Title I, Part A, Improving Basic Programs**	84.010A	20610101020902	\$ 197,737
Title I, Part A, Improving Basic Programs**	84.010A	21610101020902	982,520
Title I, Part A, Improving Basic Programs**	84.010A	22610101020902	<u>66,678</u>
			<u>1,246,935</u>
Title I, Part D, Improving Basic Programs**	84.010A	20610103020902	28,217
Title I, Part D, Improving Basic Programs**	84.010A	21610103020902	101,312
Title I, Part D, Improving Basic Programs**	84.010A	22610103020902	<u>11,144</u>
			<u>140,673</u>
IDEA Part B, Formula***	84.027A	206600010209026600	739,272
IDEA Part B, Formula**	84.027A	216600010209026600	826,134
IDEA Part B, Formula ***	84.027A	226600010209026600	<u>107,361</u>
			<u>1,672,767</u>
IDEA Part B, Discretionary***	84.027A	66002106	<u>69,038</u>
Vocational Education, Basic Grant	84.048A	21420006020902	<u>78,029</u>
IDEA Part B, Preschool***	84.173A	206610010209026610	9,690
IDEA Part B, Preschool***	84.173A	216610010209026610	27,870
IDEA Part B, Preschool***	84.173A	226610010209026610	<u>2,267</u>
			<u>39,827</u>
Title X, Part C Education for Homeless Children and Youth	84.196A	214600057110006	<u>44,904</u>
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001020902	19,344
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	21671001020902	68,459
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	22671001020902	<u>6,866</u>
			<u>94,669</u>
Title II, Part A: Teacher and Principal Training and Recruiting	84.367A	20694501020902	615
Title II, Part A: Teacher and Principal Training and Recruiting	84.367A	21694501020902	180,573
Title II, Part A: Teacher and Principal Training and Recruiting	84.367A	22694501020902	15,318
Title II, Part A: 2020-2021 Principal Residency Grant	84.367A	206945677110001	<u>528,499</u>
			<u>725,005</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

Exhibit K-1
Page 2 of 3

(1)	(2)	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number		
<u>U.S. Department of Education - Continued</u>			
Passed Through State Department of Education:			
Title IV, Part A, Subpart 1	84.424A	20680101020902	\$ 13,728
Title IV, Part A, Subpart 1	84.424A	21680101020902	54,724
Title IV, Part A, Subpart 1	84.424A	22680101020902	<u>4,669</u>
			<u>73,121</u>
ESSER Grant	84.425D	20521001020902	<u>668,686</u>
Instructional Continuity	84.377A	17610740020902	<u>27,645</u>
Prior Purch Reimb Program (PPRP)	84.425D	52102135	505,490
CRRSA ESSER II	84.425D	21521001020902	<u>1,439,163</u>
			<u>1,944,653</u>
ARP ESSER III	84.425U	21528001020902	<u>109,658</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>\$ 6,935,610</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program*	10.555	---	\$ <u>452,386</u>
Passed Through Texas Department of Agriculture:			
Child and Adult Care Food Program*	10.558	206TX352N2021	<u>48,278</u>
Passed Through State Department of Education:			
School Breakfast Program*	10.553	71402101	1,079,517
National School Lunch Program*	10.555	71302101	<u>2,769,081</u>
			<u>3,848,598</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 4,349,262</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Program:			
Provider Relief Fund	93.498	---	\$ 21,409
Passed Through Texas Department of Human Services:			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000884900001	<u>39,756</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAS SERVICES			<u>\$ 61,165</u>
<u>U.S. Department of Treasury</u>			
Passed Through Texas Division of Emergency Management:			
Coronavirus Relief Fund	21.019	2020-CF-21019	<u>\$ 217,916</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 11,563,953</u>

ANGLETON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

Exhibit K-1
Page 3 of 3

RECONCILIATION

Federal program revenues (Exhibit C-3)	\$ 12,728,223
Less: School Health and Related Services (SHARS) not considered	
Federal revenue for the Schedule of Federal Awards	(<u>1,164,270</u>)
Total federal financial assistance (Schedule of Expenditures of Federal Awards)	\$ <u>11,563,953</u>

* - Cluster Program

** - Title I, Parts A and D Cluster Program

*** - IDEA, Part B Cluster Program

See notes to supplemental Schedule of Expenditures of Federal Awards.

ANGLETON INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2021

NOTE 1 – BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement (CFDA 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$ 306,504, while the monetary value of goods used and recognized as income and expenditures was \$ 235,484.

NOTE 2 – BASIS OF PRESENTATION

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

NOTE 3 – FEDERAL INDIRECT RATE

The District does not use 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

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SCHEDULE FOR ELECTRONIC FILING

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ANGLETON INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AUGUST 31, 2021

SCHEDULE L-1
Page 1 of 1

Code	Questions	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF 3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes

ANGLETON INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AUGUST 30, 2021

SCHEDULE L-1
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<u>Code</u>	<u>Questions</u>	<u>Responses</u>
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in the government-wide financial statements at fiscal year-end.	\$ -0-