

WALLER INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

**For the Fiscal Year Ended
August 31, 2021**



WALLER INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION



CERTIFICATE OF BOARD

Waller Independent School District

Name of School District

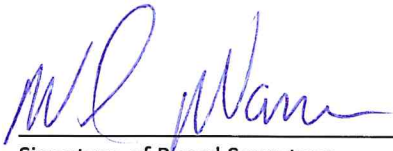
Waller

County

237-904

Co. - Dist. No.

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended August 31, 2021, at a meeting of the Board of Trustees of such school district on the 10th day of January, 2022.



Signature of Board Secretary



Signature of Board President



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Waller Independent School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, general fund, the budgetary comparison schedule, required pension system information, and the required other post-employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 combining and individual nonmajor fund financial statements and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, 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 the U.S. Office of Management and Budget ("OMB"); *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and required TEA schedules, as listed in the table of contents, 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 TEA schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Trustees
Waller Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 10, 2022



WALLER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Waller 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 fiscal year ended August 31, 2021.

Financial Highlights

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$8,163,004 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$35,890,763). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2021. This recognition of such liabilities does not affect the financial stability of the District nor does it change how the District conducts its financial decision making. Rather, the District is reflecting its portion of the liabilities that the State of Texas manages and operates.

- The District's total net position at year end increased by \$7,472,690. The significant increase was mainly due to increase in property taxes, insurance recovery, and operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$202,168,509, a decrease of \$21,092,940 in comparison with the prior year. This decrease is primarily due to increases in construction on bond projects and expenditures related to COVID-19.
- During the year, the District's revenues for governmental activities in the amount of \$113,314,432 exceeded total expenses of \$105,823,194 by \$7,491,238.
- The general fund reported a fund balance this year of \$9,674,259. Of this amount, \$8,660,100 is for unrestricted use by the District.
- During the fiscal year, the District issued \$67,810,000 of Series 2020A Unlimited Tax School Building Bonds for the construction, acquisition, and equipment of school buildings including the construction of a new high school with an integrated Career Technical Education.

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 include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

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. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

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. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue 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.

WALLER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 objects. 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 detailed information about the District's most significant funds, not the District as a whole.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the District's most significant funds. The District's major governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (child nutrition) and the debt service fund.

Proprietary funds

These funds include the enterprise fund. The District's vending machine fund activity is reported in the enterprise fund.

Fiduciary fund

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 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 on page 28 and Statement of Changes in Fiduciary Net Position on page 29.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 31-56 of this report.

Required Supplementary 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 page 58-63 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,163,004 at the close of the most recent fiscal year.

The largest portion of the District's net position \$17,757,301 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. 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.

As of August 31, 2021 and 2020, the District's net position included the following:

Table I
Waller Independent School District
Comparative Schedule of Net Position
For the Years Ended August 31, 2021 and 2020

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Current and Other Assets	\$ 218,965,221	\$ 238,554,455	\$ (19,589,234)	\$ (21,932)	\$ (4,847)	\$ (17,085)
Capital Assets	269,388,276	167,050,720	102,337,556	-	-	-
Total Assets	488,353,497	405,605,175	82,748,322	(21,932)	(4,847)	(17,085)
Deferred Charge on Refunding	2,768,128	3,137,268	(369,140)	-	-	-
Deferred Outflow - Pension	12,395,947	6,517,353	5,878,594	-	-	-
Deferred Outflow - OPEB	9,807,493	8,516,044	1,291,449	-	-	-
Total Deferred Outflows	24,971,568	18,170,665	6,800,903	-	-	-
Long-Term Liabilities	470,848,794	406,209,802	64,638,992	-	-	-
Other Liabilities	13,059,171	11,453,363	1,605,808	1,463	-	1,463
Total Liabilities	483,907,965	417,663,165	66,244,800	1,463	-	1,463
Deferred Inflow - Pension	3,469,764	4,147,430	(677,666)	-	-	-
Deferred Inflow - OPEB	17,760,937	12,263,659	5,497,278	-	-	-
Total Deferred Inflows	21,230,701	16,411,089	4,819,612	-	-	-
Net Position						
Net Investment in Capital Assets	17,757,301	30,773,279	(13,015,978)	-	-	-
Restricted	26,296,466	219,343,889	(193,047,423)	-	-	-
Unrestricted	(35,867,368)	(260,415,582)	224,548,214	(23,395)	(4,847)	(18,548)
Total Net Position	\$ 8,186,399	\$ (10,298,414)	\$ 18,484,813	\$ (23,395)	\$ (4,847)	\$ (18,548)

Approximately \$17.8 million of the District's net position represent investments in capital assets net of related debt.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in net position. The District's total revenues for governmental activities were \$113.3 million. A portion, 55 percent, of the District's revenue comes from local property taxes, 25 percent comes from state aid – formula grants, while 17 percent relates to charges for services and operating grants, and the remaining 3 percent relates to investment earnings and other miscellaneous revenue.

Total Cost of all programs and services for governmental activities was \$105,823,194. The net position of the District's governmental activities for the current year increased by \$7,491,238 .

Key elements of the governmental activities of the District are reflected in the following table.

Table II
Waller Independent School District
Comparative Schedule of Changes in Net Position
For the Years Ended August 31, 2021 and 2020

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Revenues						
Program Revenues:						
Charges for Services	\$ 681,916	\$ 862,021	\$ (180,105)	\$ -	\$ 66,447	\$ (66,447)
Operating Grants and Contributions	19,472,017	7,041,666	12,430,351	-	-	-
General Revenues:						
Property Taxes	62,729,357	52,900,272	9,829,085	-	-	-
State Aid - Formula Grants	28,866,309	28,890,462	(24,153)	-	-	-
Grants and contributions not restricted	-	76,504,965	(76,504,965)	3,558	-	3,558
Interest Earnings	376,827	1,592,216	(1,215,389)	-	-	-
Miscellaneous	-	750,982	(750,982)	35,960	-	35,960
Extraordinary item - disaster recovery	1,188,006	-	1,188,006	-	-	-
Total Revenues	113,314,432	168,542,584	(55,228,152)	39,518	66,447	(26,929)
Expenses						
Instruction	52,618,650	104,963,653	(52,345,003)	-	-	-
Instrucional Resources and Media	661,871	1,367,673	(705,802)	-	-	-
Curriculum and staff development	659,525	1,769,895	(1,110,370)	-	-	-
Instructional leadership	3,747,545	7,204,083	(3,456,538)	-	-	-
School leadership	4,151,422	8,870,335	(4,718,913)	-	-	-
Guidance, counseling, and evaluation services	4,521,962	8,897,016	(4,375,054)	-	-	-
Social work services	41,088	3,568	37,520	-	-	-
Health services	429,218	833,002	(403,784)	-	-	-
Student transportation	4,299,765	8,538,739	(4,238,974)	-	-	-
Food service	3,688,426	6,372,237	(2,683,811)	-	-	-
Extracurricular activities	1,956,153	3,820,816	(1,864,663)	-	-	-
General administration	3,405,038	6,147,833	(2,742,795)	-	-	-
Facilities maintenance and operations	7,114,444	12,459,288	(5,344,844)	-	-	-
Security and monitoring services	696,295	868,433	(172,138)	-	-	-
Data processing services	3,747,003	3,820,443	(73,440)	-	-	-
Community services	178,135	404,310	(226,175)	-	-	-
Interest on long-term debt	12,526,293	7,258,505	5,267,788	-	-	-
Bond issuance costs and fees	553,148	1,605,651	(1,052,503)	-	-	-
Facilities maintenance and repairs	198,786	-	198,786	-	-	-
Other governmental charges	628,427	546,043	82,384	-	87,129	(87,129)
Vending	-	-	-	58,066	-	58,066
Total Expenses	105,823,194	185,751,523	(79,928,329)	58,066	87,129	(29,063)
Increase (Decrease) in Net Position	7,491,238	(17,208,939)	24,700,177	(18,548)	(20,682)	2,134
Net Position - Beginning	(10,298,414)	6,910,525	(17,208,939)	(4,847)	15,835	(20,682)
Prior Period Adjustments	10,993,575	-	10,993,575	-	-	-
Net Position - Ending	\$ 8,186,399	\$ (10,298,414)	\$ 18,484,813	\$ (23,395)	\$ (4,847)	\$ (18,548)

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds (as presented on page 19) reported a combined fund balance of \$202.2 million, which is a decrease of \$21.1 million from last year.

Over the course of the year, the Board of Trustees revised the District's budget a number of times. These budget items fall into three categories. The first category includes amendments and supplemental appropriations that were provided shortly after the school year began. The second category involved moving funds from program areas that did not need or use all of the resources originally appropriated to them. The third category involved changes in state program revenues.

General Fund Budgetary Highlights

There were budget amendments for the 2020-2021 school year required to meet various needs throughout the District approved by the Board of Trustees.

Capital Asset and Long-Term Debt Activity

Capital Assets

At August 31, 2021, the District had \$269.4 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$97,843,982 (including additions and deductions) over last year. Additional details on capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2021	2020 (Restated)
Land	\$ 15,152,974	\$ 9,945,192
Buildings and Improvements	175,183,286	172,649,014
Furniture and equipment	7,427,657	7,368,917
Vehicles	12,146,916	12,146,916
Construction in Progress	119,613,832	26,129,255
Total	<u>329,524,665</u>	<u>228,239,294</u>
Accumulated Depreciation		
Buildings and Improvements	(48,175,697)	(45,717,896)
Furniture and equipment	(3,546,364)	(3,253,708)
Vehicles	(8,414,328)	(7,723,396)
Total Accumulated Depreciation	<u>(60,136,389)</u>	<u>(56,695,000)</u>
Net Capital Assets	<u>\$ 269,388,276</u>	<u>\$ 171,544,294</u>

Long-Term Debt

At year-end, the District had \$377.4 million in general obligation debt at a coupon interest rate of 2.0-5.0% outstanding at year-end. The District's general obligation bonds carried the highest possible rating, according to national rating agencies. Additional details on long-term debt can be found in the notes to the financial statements.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when setting the fiscal year 2021-2022 budget and tax rates. Some of these factors include the changing economy, the impact of the coronavirus pandemic, an increase in enrollment, and an increase in property values while property taxes have decreased due to the tax relief imposed by the 86th and 87th Texas Legislative Sessions. The District's property values and student enrollment have steadily increased on average 14% and 4%, respectively over the last 7 years creating a need for additional teaching staff, instructional support staff and related instructional resources. These factors along with the District's budget priorities of creating and offering a competitive compensation package for employees, maintaining existing facilities while keeping up with enrollment growth, and increasing general operating fund balance to stabilize the District's financial condition were taken into consideration when adopting the budget for 2021-2022. The District's general operating fund balance is expected to increase by at least \$1.5 million by the close of 2021-2022 fiscal year.

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 Audrey Ambridge, Chief Financial Officer, at (936) 931-0314.

BASIC FINANCIAL STATEMENTS



WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2021

Exhibit A-1

Data Control Codes		Primary Government		
		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and Cash Equivalents	\$ 206,349,481	\$ -	\$ 206,349,481
1120	Current Investments	2,166,685	-	2,166,685
1220	Property Taxes - Delinquent	4,433,558	-	4,433,558
1230	Allowance for Uncollectible Taxes	(78,611)	-	(78,611)
1240	Due from Other Governments	5,058,017	-	5,058,017
1260	Internal Balances	21,932	(21,932)	-
1410	Prepaid Items	1,014,159	-	1,014,159
Capital Assets Not Subject to Depreciation:				
1510	Land	15,152,974	-	15,152,974
1580	Construction in Progress	119,613,832	-	119,613,832
Capital Assets Net Of Depreciation:				
1520	Buildings And Improvements, Net	127,007,589	-	127,007,589
1530	Furniture And Equipment, Net	7,613,881	-	7,613,881
1000	Total Assets	488,353,497	(21,932)	488,331,565
Deferred Outflows Of Resources				
	Deferred Charge for Refunding	2,768,128	-	2,768,128
	Deferred Outflow Related to TRS Pension	12,395,947	-	12,395,947
	Deferred Outflow Related to TRS OPEB	9,807,493	-	9,807,493
1700	Total Deferred Outflows of Resources	24,971,568	-	24,971,568
Liabilities				
2110	Accounts Payable	7,860,487	1,463	7,861,950
2140	Interest Payable	617,406	-	617,406
2160	Accrued Wages Payable	3,782,334	-	3,782,334
2180	Due to Other Governments	510,628	-	510,628
2300	Unearned Revenue	288,316	-	288,316
Noncurrent Liabilities:				
2501	Due Within One Year	6,400,000	-	6,400,000
2502	Due in More Than One Year	414,824,917	-	414,824,917
2540	Net Pension Liability	25,368,794	-	25,368,794
2545	Net Other Post-Employment Benefits (OPEB)			
	Liabilities	24,255,083	-	24,255,083
2000	Total Liabilities	483,907,965	1,463	483,909,428
Deferred Inflows Of Resources				
	Deferred Inflows - Pension	3,469,764	-	3,469,764
	Deferred Outflows - OPEB	17,760,937	-	17,760,937
2600	Total Deferred Inflows of Resources	21,230,701	-	21,230,701
Net Position				
3200	Net Investment in Capital Assets	17,757,301	-	17,757,301
Restricted For:				
3820	Federal and State Programs	1,210,768	-	1,210,768
3850	Debt Service	25,085,698	-	25,085,698
3900	Unrestricted	(35,867,368)	(23,395)	(35,890,763)
3000	Total Net Position	\$ 8,186,399	\$ (23,395)	\$ 8,163,004

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	Primary government			
	Governmental activities:			
11	Instruction	\$ 52,618,650	\$ 402,863	\$ 7,929,161
12	Instructional resources and media services	661,871	3,239	36,307
13	Curriculum and staff development	659,525	3,239	40,606
21	Instructional leadership	3,747,545	9,716	1,355,825
23	School leadership	4,151,422	16,193	241,340
31	Guidance, counseling, and evaluation services	4,521,962	12,955	1,685,396
32	Social work services	41,088	-	41,088
33	Health services	429,218	3,239	1,434,511
34	Student transportation	4,299,765	16,193	162,906
35	Food service	3,688,426	100,266	3,945,404
36	Extracurricular activities	1,956,153	8,923	161,770
41	General administration	3,405,038	12,955	165,368
51	Facilities maintenance and operations	7,114,444	79,180	564,898
52	Security and monitoring services	696,295	3,239	1,381
53	Data processing services	3,747,003	9,716	1,572,636
61	Community services	178,135	-	121,809
72	Interest on long-term debt	12,526,293	-	-
73	Bond issuance costs and fees	553,148	-	-
81	Facilities maintenance and repairs	198,786	-	11,611
99	Intergovernmental charges	628,427	-	-
TG	Total Governmental Activities	<u>105,823,194</u>	<u>681,916</u>	<u>19,472,017</u>
	Business-type activities			
35	Vending	58,066	-	-
TB	Total Business-Type Activities	<u>58,066</u>	<u>-</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 105,881,260</u>	<u>\$ 681,916</u>	<u>\$ 19,472,017</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit B-1
Page 2 of 2

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
		Governmental Activities	Business-type Activities	Total
	Primary government			
	Governmental activities:			
11	Instruction	\$ (44,286,626)	\$ -	\$ (44,286,626)
12	Instructional resources and media services	(622,325)	-	(622,325)
13	Curriculum and staff development	(615,680)	-	(615,680)
21	Instructional leadership	(2,382,004)	-	(2,382,004)
23	School leadership	(3,893,889)	-	(3,893,889)
31	Guidance, counseling, and evaluation services	(2,823,611)	-	(2,823,611)
32	Social work services	-	-	-
33	Health services	1,008,532	-	1,008,532
34	Student transportation	(4,120,666)	-	(4,120,666)
35	Food service	357,244	-	357,244
36	Extracurricular activities	(1,785,460)	-	(1,785,460)
41	General administration	(3,226,715)	-	(3,226,715)
51	Facilities maintenance and operations	(6,470,366)	-	(6,470,366)
52	Security and monitoring services	(691,675)	-	(691,675)
53	Data processing services	(2,164,651)	-	(2,164,651)
61	Community services	(56,326)	-	(56,326)
72	Interest on long-term debt	(12,526,293)	-	(12,526,293)
73	Bond issuance costs and fees	(553,148)	-	(553,148)
81	Facilities maintenance and repairs	(187,175)	-	(187,175)
99	Intergovernmental charges	(628,427)	-	(628,427)
TG	Total Governmental Activities	<u>(85,669,261)</u>	<u>-</u>	<u>(85,669,261)</u>
	Business-type activities			
35	Vending	-	\$ (58,066)	(58,066)
TB	Total Business-Type Activities	<u>-</u>	<u>(58,066)</u>	<u>(58,066)</u>
TP	Total Primary Government	<u>(85,669,261)</u>	<u>(58,066)</u>	<u>(85,727,327)</u>
	General revenues			
	Taxes:			
MT	Property Taxes, Levied for General Purposes	44,413,218	-	44,413,218
DT	Property Taxes, Levied for Debt Service	18,316,139	-	18,316,139
SF	State Aid - Formula Grants	28,866,309	-	28,866,309
GC	Grants and Contributions not Restricted	-	3,558	3,558
IE	Investment Earnings	376,827	-	376,827
MI	Miscellaneous	-	35,960	35,960
EI	Extraordinary item - disaster recovery	1,188,006	-	1,188,006
TR	Total General Revenues	<u>93,160,499</u>	<u>39,518</u>	<u>93,200,017</u>
CN	Change in net position	7,491,238	(18,548)	7,472,690
NB	Net position - beginning	(10,298,414)	(4,847)	(10,303,261)
PA	Prior period adjustments	10,993,575	-	10,993,575
NE	Net position - ending	<u>\$ 8,186,399</u>	<u>\$ (23,395)</u>	<u>\$ 8,163,004</u>

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2021

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and Cash Equivalents	\$ 8,555,963	\$ 22,302,558	\$ 174,293,221
1120	Current Investments	-	2,166,685	-
	Receivables:			
1220	Delinquent Property Taxes Receivables	3,165,510	1,268,048	-
1230	Allowance for Uncollectible Taxes (Credit)	(55,999)	(22,612)	-
1240	Receivables from Other Governments	1,061,002	-	-
1260	Due from Other Funds	3,830,809	-	-
1410	Prepaid Items	1,014,159	-	-
1000	Total Assets	\$ 17,571,444	\$ 25,714,679	\$ 174,293,221
Liabilities And Fund Balances				
Liabilities:				
2110	Accounts Payable	\$ 345,987	\$ 3,143	\$ 7,467,407
2160	Accrued Wages Payable	3,712,827	-	-
2170	Due to Other Funds	-	-	-
2180	Payable to Other Governments	470,687	8,432	-
2300	Unearned Revenues	258,173	-	-
2000	Total Liabilities	4,787,674	11,575	7,467,407
Deferred Inflows of Resources				
2600	Deferred Inflows - Property Taxes	3,109,511	1,245,436	-
	Total Deferred Inflows of Resources	3,109,511	1,245,436	-
Fund Balances:				
Non-Spendable:				
3430	Prepaid Items	1,014,159	-	-
Restricted:				
3450	Federal/State Funds Grant Restrictions	-	-	-
3470	Capital Acquisitions And Contractual Oblig.	-	-	166,825,814
3480	Debt Service	-	24,457,668	-
3600	Unassigned	8,660,100	-	-
3000	Total Fund Balances	9,674,259	24,457,668	166,825,814
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 17,571,444	\$ 25,714,679	\$ 174,293,221

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2021

Exhibit C-1
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Assets			
1110	Cash and Cash Equivalents	\$ 1,197,739	\$ 206,349,481
1120	Current Investments	-	2,166,685
	Receivables:		
1220	Delinquent Property Taxes Receivables	-	4,433,558
1230	Allowance for Uncollectible Taxes (Credit)	-	(78,611)
1240	Receivables from Other Governments	3,997,015	5,058,017
1260	Due from Other Funds	-	3,830,809
1410	Prepaid Items	-	1,014,159
1000	Total Assets	\$ 5,194,754	\$ 222,774,098
Liabilities And Fund Balances			
Liabilities:			
2110	Accounts Payable	\$ 43,950	\$ 7,860,487
2160	Accrued Wages Payable	69,507	3,782,334
2170	Due to Other Funds	3,808,877	3,808,877
2180	Payable to Other Governments	31,509	510,628
2300	Unearned Revenues	30,143	288,316
2000	Total Liabilities	3,983,986	16,250,642
Deferred Inflows of Resources			
2600	Deferred Inflows - Property Taxes	-	4,354,947
	Total Deferred Inflows of Resources	-	4,354,947
Fund Balances:			
Non-Spendable:			
3430	Prepaid Items	-	1,014,159
Restricted:			
3450	Federal/State Funds Grant Restrictions	1,210,768	1,210,768
3470	Capital Acquisitions And Contractual Oblig.	-	166,825,814
3480	Debt Service	-	24,457,668
3600	Unassigned	-	8,660,100
3000	Total Fund Balances	1,210,768	202,168,509
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,194,754	\$ 222,774,098



WALLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
August 31, 2021

Exhibit C-2

Data Control Codes	Total Fund Balance, Governmental Funds	\$ 202,168,509
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	269,388,276
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	4,354,947
3	Deferred charge on refunding	2,768,128
4	Deferred outflows relating to pension activities	12,395,947
5	Deferred outflows relating to other-post employment benefit	9,807,493
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(377,370,000)
7	Premiums on issuance	(43,854,917)
8	Net pension liability	(25,368,794)
9	Net other-post employment benefit liability	(24,255,083)
10	Accrued interest payable	(617,406)
11	Deferred inflows relating to pension activities	(3,469,764)
12	Deferred inflows relating to other-post employment benefit	<u>(17,760,937)</u>
19	Net Position of Governmental Activities	<u>\$ 8,186,399</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit C-3

Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local and Intermediate Sources	\$ 44,776,913	\$ 18,247,916	\$ 294,006
5800	State Program Revenues	33,081,256	109,726	11,702
5900	Federal Program Revenues	1,704,934	-	-
5020	Total Revenues	79,563,103	18,357,642	305,708
Expenditures				
Current:				
0011	Instruction	44,149,094	-	-
0012	Instruction Resources and Media Services	611,777	-	-
0013	Curriculum and Staff Development	605,856	-	-
0021	Instructional Leadership	2,418,616	-	-
0023	School Leadership	3,818,723	-	-
0031	Guidance, Counseling and Evaluation Services	2,865,241	-	-
0032	Social Work Services	-	-	-
0033	Health Services	402,450	-	-
0034	Student Transportation	4,003,929	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	1,818,322	-	-
0041	General Administration	3,004,853	-	160,646
0051	Facilities Maintenance and Operations	7,203,690	-	74,077
0052	Security and Monitoring Services	664,306	-	-
0053	Data Processing Services	2,111,833	-	-
0061	Community Services	61,158	-	-
Debt Service:				
0071	Principal on Long-Term Debt	-	5,295,000	546,975
0072	Interest on Long-Term Debt	-	13,637,008	-
0073	Bond Issuance Costs and Fees	-	6,173	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	98,860,162
Intergovernmental:				
0099	Other Intergovernmental Charges	628,427	-	-
6030	Total Expenditures	74,368,275	18,938,181	99,641,860
1100	Excess (Deficiency) of Revenues Over Expenditures	5,194,828	(580,539)	(99,336,152)
Other Financing Sources (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	-	-	67,810,000
7916	Premium or Discount On Issuance Of Bonds	-	3,007,275	2,961,979
7080	Total Other Financing Sources and Uses	-	3,007,275	70,771,979
Special Item				
7919	Extraordinary Items (Resource)	1,188,006	-	-
8913	Extraordinary Items (Use)	(1,663,780)	-	-
		(475,774)	-	-
1200	Net Change In Fund Balances	4,719,054	2,426,736	(28,564,173)
0100	Fund Balance - September 1 (Beginning)	4,955,205	22,030,932	195,389,987
3000	Fund Balance - August 31 (Ending)	\$ 9,674,259	\$ 24,457,668	\$ 166,825,814

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit C-3

Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local and Intermediate Sources	\$ 106,662	\$ 63,425,497
5800	State Program Revenues	688,188	33,890,872
5900	Federal Program Revenues	12,353,616	14,058,550
5020	Total Revenues	13,148,466	111,374,919
Expenditures			
Current:			
0011	Instruction	4,820,548	48,969,642
0012	Instruction Resources and Media Services	3,629	615,406
0013	Curriculum and Staff Development	6,937	612,793
0021	Instructional Leadership	1,046,455	3,465,071
0023	School Leadership	49,088	3,867,811
0031	Guidance, Counseling and Evaluation Services	1,325,953	4,191,194
0032	Social Work Services	41,088	41,088
0033	Health Services	3,969	406,419
0034	Student Transportation	43,535	4,047,464
0035	Food Services	3,527,964	3,527,964
0036	Extracurricular Activities	5,094	1,823,416
0041	General Administration	19,167	3,184,666
0051	Facilities Maintenance and Operations	331,392	7,609,159
0052	Security and Monitoring Services	507	664,813
0053	Data Processing Services	1,492,899	3,604,732
0061	Community Services	104,798	165,956
Debt Service:			
0071	Principal on Long-Term Debt	-	5,841,975
0072	Interest on Long-Term Debt	-	13,637,008
0073	Bond Issuance Costs and Fees	-	6,173
Capital Outlay:			
0081	Facilities Acquisition and Construction	-	98,860,162
Intergovernmental:			
0099	Other Intergovernmental Charges	-	628,427
6030	Total Expenditures	12,823,023	205,771,339
1100	Excess (Deficiency) of Revenues Over Expenditures	325,443	(94,396,420)
Other Financing Sources (Uses):			
7911	Capital-Related Debt Issued (Regular Bonds)	-	67,810,000
7916	Premium or Discount On Issuance Of Bonds	-	5,969,254
7080	Total Other Financing Sources and Uses	-	73,779,254
Special Item			
7919	Extraordinary Items (Resource)	-	1,188,006
8913	Extraordinary Items (Use)	-	(1,663,780)
		-	(475,774)
1200	Net Change In Fund Balances	325,443	(21,092,940)
0100	Fund Balance - September 1 (Beginning)	885,325	223,261,449
3000	Fund Balance - August 31 (Ending)	\$ 1,210,768	\$ 202,168,509

WALLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit C-4

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds	\$ (21,092,940)
	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 as depreciation expense.	
1	Capitalized expenditures reclassified to assets.	101,298,337
2	Depreciation expense taken to Statement of Activities.	(3,441,389)
3	Net effect of other retirements and adjustments to capital assets	(12,966)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	362,603
5	Repayment of long-term debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	5,295,000
6	Proceeds from issuance of capital-related bonds	(67,810,000)
7	Premium issued on regular bonds	(5,969,254)
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
8	Increase in interest payable not recognized in the fund statements	(464,706)
9	Amortization of premium/discount	1,834,772
10	Amortization of deferred charge on refunding	(369,140)
11	Changes in net pension liabilities and related deferred outflows and inflows of resources	(2,025,920)
12	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	(113,159)
	Change in Net Position of Governmental Activities	\$ 7,491,238

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2021

Exhibit D-1

	Business-type Activities
	Enterprise Fund
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 1,463
Due to Other Funds	21,932
Total Liabilities	<u>23,395</u>
Net Position	
Unrestricted	(23,395)
Total Net Position	<u>\$ (23,395)</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended August 31, 2021

Exhibit D-2

	Business-type Activities
	Enterprise Fund
Operating Revenues	
Local and Intermediate Sources	\$ 35,960
State Program Revenues	3,558
Total Operating Revenues	<u>39,518</u>
Operating Expenses	
Payroll Costs	10,725
Supplies and Materials	47,341
Total Operating Expenses	<u>58,066</u>
Operating Income (Loss)	<u>(18,548)</u>
Net Position (Deficit) - September 1 (Beginning)	<u>(4,847)</u>
Net Position (Deficit) - August 31 (Ending)	<u>\$ (23,395)</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2021

Exhibit D-3

	Business-type Activities
	Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 39,518
Cash Payments for Suppliers	(39,518)
Net Cash Used for Operating Activities	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (18,548)
Change in Assets and Liabilities:	
Decrease (increase) in accounts payable	1,463
Decrease (increase) in interfund payables	17,085
Net Cash Provided by (Used for) Operating Activities	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2021

Exhibit E-1

	Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 436,407
Total Assets	<u>\$ 436,407</u>
Net Position	
Restricted for student activities	<u>\$ 436,407</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2021

Exhibit E-2

	Custodial Fund
Contributions	
Revenues from student activities	\$ 30,774
Total Contributions	<u>30,774</u>
Deductions	
Payments for student activities	<u>33,327</u>
Total Deductions	<u>33,327</u>
Change in net position	(2,553)
Net Position - Beginning	-
Prior Period Adjustment Due to GASB No. 84 Implementation	<u>438,960</u>
Net Position - Ending	<u>\$ 436,407</u>



Note 1 - Summary of Significant Accounting Policies

The Waller Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

A. Reporting Entity

The District's Board has responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgement for the lawfulexercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Waller Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Note 1 - Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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.

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

The District reports the following major governmental funds:

- *General Fund* - The District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Debt Service Fund* - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- *Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Note 1 - Summary of Significant Accounting Policies (continued)

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

Additionally, the District reports the following fund type:

Governmental Funds:

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

Proprietary Funds:

- *Enterprise Funds* - The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has one enterprise fund.
- *Internal Service Funds* - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

- *Private Purpose Trust Funds* - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Funds.
- *Custodial Fund* - The District accounts for resources held for others in a custodial fund. This fund uses the economic resources measurement focus and accrual basis. The District's Custodial Fund is the Student Activity Fund.

D. Implementation of New Accounting Standards

GASB No. 84 *Fiduciary Activities* was issued in January 2017 and effective for periods beginning December 15, 2019. This standard establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard must be applied retroactively and as such beginning net position and/or fund balance have been restated. The District has evaluated the effects of this standard and has determined that the District's Student Activity Fund met the criteria to be reported as a custodial fund in the basic financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Implementation of New Accounting Standards (continued)

GASB No. 90 *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* was issued in August 2018 and effective for periods beginning December 15, 2019. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. An equity interest is a financial interest in a legally separate organization evidenced by the ownership of shares of the organization's stock or by otherwise having an explicit, measurable right to the net resources of the organization that is usually based on an investment of financial or capital resources by a government. An equity interest is explicit and measurable if the government has a present or future claim to the net resources of the entity and the method for measuring the government's share of the entity's net resources is determinable. The District has determined that this Statement does not have an effect on the financial statements as of August 31, 2021.

GASB Statement No. 98 *The Annual Comprehensive Financial Report*. This statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021 but earlier application is encouraged. Management has evaluated the implementation of this statement and determined that it is not applicable to the District.

E. Deposits and Investments

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents. For cash management purposes, the District transfers balances to either a money market mutual or an externally pooled investment account. The cash is transferred back to the District as needed.

Investments consist primarily of U.S. government agency securities, commercial paper, and municipal bonds. The District's investments are carried at fair value based on quoted market prices at year end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Receivables and Payables

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. 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.

G. Inventories and Prepaid Items

Inventories consisting of supplies and materials are stated at cost (average cost method) and they include consumable custodial, maintenance, transportation, instructional and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities inventory are recorded at fair market value supplied by the Texas Department of Agriculture on the date received. Commodity inventory items are recorded as expenditures when distributed to individual campuses and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method of accounting.

H. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Buildings and improvements	20 - 40
Vehicles	10
Office Equipment	5 - 25
Computer Equipment	5 - 25

Note 1 - Summary of Significant Accounting Policies (continued)

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred outflows of resources for refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows of resources for pension* - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

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

A *deferred inflow of resources* is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.
- *Deferred inflows of resources for pension* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions, 2) differences between expected and actual actuarial experiences, and 3) changes in the District's proportional share of net OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

K. Pension

The fiduciary net position of 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' 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.

Note 1 - Summary of Significant Accounting Policies (continued)

L. 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 resource 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.

M. Fund Balance Classifications

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

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority, i.e., Board of Trustees. To be reported as committed, amounts cannot be used for any other purpose unless the District's Board of Trustees approves the changes by Board Resolution.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District uses the restricted assets first whenever they will have to be returned if they are not used.

N. Deficit Fund Balance or Net Position

Enterprise fund/business-type activities has a deficit fund balance/net position in the amount of \$23,395. The District expects to eliminate this deficit from future revenues.

O. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

Note 1 - Summary of Significant Accounting Policies (continued)

P. 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 reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an appropriated budget for the General Fund, Debt Service Fund, and the Food Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds and then compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in the Required Supplementary Information and the Debt Service Fund and the Food Service Fund Budget reports are presented in Exhibits J-3 and J-2, respectively.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The appropriated budgets are prepared by fund and function. Once the budgets have been approved, they can only be amended at the fund and function level by approval of a majority of the members of the Board. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Within each fund-level budget, campus and district leaders are assigned expenditure budgets which they plan and control at the function/object level. All budget appropriations lapse at year end. Increasing or decreasing any one of the functional spending categories, or revenue object accounts and other resources require the approval of the Board. The District made several supplemental budgetary revisions throughout the year, primarily in the general fund.

Note 2 - Deposits and Investments

A. Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Note 2 - Deposits and Investments (continued)

B. Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas

Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Waller Independent School District is in substantial compliance with the requirements of the Act and with local policies. Additional policies and contractual provisions governing investments for Waller Independent School District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2021, the district's investments were rated AAA.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds, and fiduciary fund types than they are in the primary government. Usually, this limitation is 20%.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District does not have a formal investment policy that limits investment maturities as means of managing exposure to fair value losses arising from increasing interest rates.

Note 2 - Deposits and Investments (continued)

B. Investments (continued)

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of August 31, 2021, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Governmental Activities			
Cash and deposits	\$ 1,430,807	N/A	N/A
Certificates of deposit	2,166,685	229	N/A
Investment Pools			
Lone Star Corporate Overnight Plus Fund	203,131,582	73	AAA
Lone Star Government Overnight Fund	1,787,092	47	AAA
	204,918,674		
Total Investments	207,085,359	74	
Total Governmental Activities	208,516,166		
Fiduciary Funds			
Cash and Deposits	436,407	N/A	N/A
Total Fiduciary Funds	436,407		
Total	\$ 208,952,573		

Note 3 - Receivables and Unearned Revenues

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Governmental activities				
Property Taxes	\$ 3,165,510	\$ 1,268,048	\$ -	\$ 4,433,558
Due from other governments	1,061,002	-	3,997,015	5,058,017
Gross receivables	4,226,512	1,268,048	3,997,015	9,491,575
Less: Allowance for doubtful accounts	(55,999)	(22,612)	-	(78,611)
Net total governmental activities	<u>4,170,513</u>	<u>1,245,436</u>	<u>3,997,015</u>	<u>9,412,964</u>
Net total receivables	<u>\$ 4,170,513</u>	<u>\$ 1,245,436</u>	<u>\$ 3,997,015</u>	<u>\$ 9,412,964</u>

Unearned revenue at year end consisted of the following:

	<u>State Entitlements</u>
General fund	\$ 258,173
Special revenue	30,143
Total Unearned revenue	<u>\$ 288,316</u>

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The District did not make any transfers for the fiscal year ended August 31, 2021.

As of August 31, 2021, the District's interfund balances were as follows:

	<u>Receivable Fund</u>	
<u>Payable Fund</u>	<u>General Fund</u>	<u>Total</u>
Special Revenue Funds	\$ 3,808,877	\$ 3,808,877
Enterprise Fund	21,932	21,932
Total	<u>\$ 3,830,809</u>	<u>\$ 3,830,809</u>

Note 5 - Capital Assets

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

	Restated Balance		(Transfers, Adjustments, and Retirements)	Balance
	September 01, 2020	Additions		August 31, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 9,945,192	\$ 5,207,781	\$ -	\$ 15,152,974
Construction in progress	26,129,255	94,065,895	(581,318)	119,613,832
Total Capital assets, not being depreciated	36,074,447	99,273,676	(581,318)	134,766,806
Capital assets, being depreciated:				
Buildings & Improvements	172,649,014	1,952,954	581,318	175,183,286
Furniture & Equipment	7,368,917	71,706	(12,967)	7,427,657
Vehicles	12,146,916	-	-	12,146,916
Total Capital assets, being depreciated	192,164,847	2,024,660	568,351	194,757,859
Less accumulated depreciation for:				
Buildings & Improvements	(45,717,896)	(2,457,801)	-	(48,175,697)
Furniture & Equipment	(3,253,708)	(292,656)	-	(3,546,364)
Vehicles	(7,723,396)	(690,932)	-	(8,414,328)
Total Accumulated depreciation	(56,695,000)	(3,441,389)	-	(60,136,389)
Governmental Capital Assets	\$ 171,544,294	\$ 97,856,947	\$ (12,967)	\$ 269,388,276

Depreciation expense of the governmental activities was charged to the functions/programs as follows:

Function	Depreciation Expense
Governmental Activities:	
Instruction	\$ 2,060,409
Instructional resources and media services	28,551
Curriculum and staff development	28,275
Instructional leadership	112,875
School leadership	178,217
Guidance, counseling and evaluation services	133,719
Health services	18,782
Student transportation	186,861
Extracurricular activities	84,860
General administration	140,234
Facilities maintenance and operations	336,191
Security and monitoring services	31,003
Data processing services	98,558
Community services	2,854
Total Governmental Activities	\$ 3,441,389

Note 6 - Long-Term Liabilities

General Obligation Bonds

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in general long-term debt for the year ended August 31, 2021 is as follows:

Description	Original Issuance		Balance 9/1/20	Increase	Decrease	Balance 8/31/21	Due in One Year
	Amount	Interest Rate (%)					
Refunding Bonds, Series 2010	\$ 12,255,000	3.00%	\$ 885,000	\$ -	\$ (885,000)	\$ -	\$ -
Refunding Bonds, Series 2012	9,180,000	2.00% to 3.00%	5,365,000	-	(700,000)	4,665,000	720,000
Refunding Bonds, Series 2013	5,525,000	3.00% to 3.50%	2,185,000	-	(285,000)	1,900,000	290,000
Refunding Bonds, Series 2014	8,500,000	3.00% to 4.00%	5,945,000	-	(1,400,000)	4,545,000	1,455,000
Refunding Bonds, Series 2015	7,180,000	4%	7,180,000	-	-	7,180,000	-
Building Bonds, Series 2016	93,545,000	4.00% to 5.00%	87,490,000	-	(2,025,000)	85,465,000	1,530,000
Building Bonds, Series 2020	205,805,000	2.00% to 5.00%	205,805,000	-	-	205,805,000	2,405,000
Building Bonds, Series 2020A	67,810,000	2.00% to 5.00%		67,810,000	-	67,810,000	-
Total			314,855,000	67,810,000	(5,295,000)	377,370,000	6,400,000
Other District Obligations:							
Premium on Bonds			39,720,435	5,969,254	(1,834,772)	43,854,917	-
Total Other Obligations			39,720,435	5,969,254	(1,834,772)	43,854,917	-
Total District Obligations			\$ 354,575,435	\$ 73,779,254	\$ (7,129,772)	\$ 421,224,917	\$ 6,400,000

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2021. Debt service requirements for bonds are as follows:

Year Ending August 31,	Principal	Interest	Totals
2022	\$ 6,400,000	\$ 14,057,725	\$ 20,457,725
2023	8,080,000	13,731,125	21,811,125
2024	8,455,000	13,353,662	21,808,662
2025	8,855,000	12,957,550	21,812,550
2026	9,225,000	12,587,076	21,812,076
2027-2031	52,690,000	56,361,563	109,051,563
2032-2036	65,670,000	43,378,400	109,048,400
2037-2041	72,260,000	31,047,450	103,307,450
2042-2046	83,855,000	18,008,684	101,863,684
2047-2051	61,880,000	4,248,921	66,128,921
	<u>\$ 377,370,000</u>	<u>\$ 219,732,156</u>	<u>\$ 597,102,156</u>

In December 2020, the District issued \$67.8 million of Series 2020A Unlimited Tax School Building Bonds for the construction, acquisition, and equipment of school buildings including the construction of a new high school with an integrated Career Technical Education Facility the purchase of the necessary sites for school buildings, the purchase of security and technology upgrades, the purchase of new school buses, and the payment of the costs associated with the issuance of the Bonds. Interest on the bonds accrued from the closing date of December 2020 and are payable on each February 15 and August 15 thereafter, with the initial interest payment on August 15, 2021.

Prior Year's Refunding of Long Term Debt

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At August 31, 2021, there are no defeased bonds outstanding.

Note 7 – Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Nonmajor Enterprise Fund
Property Taxes	\$ 44,168,114	\$ 18,198,640	\$ -	\$ -	\$ 62,366,754	\$ -
Tuition and Fees	61,260	-	-	-	61,260	-
Food Service Activity	-	-	-	2,446	2,446	35,960
Rent	46,793	-	-	100,266	147,059	-
Extracurricular Activities	143,335	-	-	-	143,335	-
Insurance Recovery	74,925	-	-	-	74,925	-
Investment Income	33,545	49,276	294,006	-	376,827	-
Local Grants	248,941	-	-	3,950	252,891	-
Total	44,776,913	18,247,916	294,006	106,662	63,425,497	35,960

Note 8 - Commitments under Noncapitalized Leases

The District has various operating lease agreements for copiers. Rental expenditures recognized by the District for the fiscal year are \$310,600.

Note 9 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, or 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

Note 9 - Defined Benefit Pension Plan (continued)

Benefits Provided (continued)

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 postemployment 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.

Contributions

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

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

	Contribution Rates	
	Plan Fiscal Year	
	2021	2020
Member (Employee)	7.70%	7.70%
Non-employer contributing agency (State)	7.50%	7.50%
District	7.50%	7.50%

	Fiscal Year 2021
District Contributions	\$ 2,018,408
Employee Contributions	4,632,353
Non-employer Contributing Entity (State)	3,257,767

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

Note 9 - Defined Benefit Pension Plan (continued)

Contributions (continued)

are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there 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 in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

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

Component	Result
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 Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. These assumptions are further described the 2020 TRS ACFR, which includes actuarial valuation report dated November 14, 2019.

Note 9 - Defined Benefit Pension Plan (continued)

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 pension plan investments of 7.25 percent. The projection of 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 projected future benefits payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Asset Class	Target Allocation¹	Long-Term Expected Arithmetic Real Rate of Return²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources and Inf	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.00%		7.32%

¹ Target allocations are based on the FY2020 policy model.

² Capital Market Assumptions come from Aon Hewitt as of August 31, 2020.

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 9 - Defined Benefit Pension Plan (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 pension 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.

	Discount Rate		
	1% Decrease	Current	1% Increase
	6.25%	7.25%	8.25%
District's proportional share of the net pension liability	\$ 39,118,227	\$ 25,368,794	\$ 14,197,682

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

At August 31, 2021, the District reported a liability of \$25,368,794 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 25,368,794
State's proportionate share that is associated with the District	41,071,207
Total	<u>\$ 66,440,001</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 District's proportion of the collective net pension liability was 0.0474% which was an increase of 0.0026% from its proportion measured as of August 31, 2019.

All future statutorily required contributions will be made from the General Fund.

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 \$4,731,375. The District also recognized an additional on-behalf revenue and expense of \$4,939,954 representing for support provided by the State.

Note 9 - Defined Benefit Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,321	\$ (707,976)
Changes in assumptions	5,886,463	(2,502,883)
Net difference between projected and actual earnings on pension plan investments	513,569	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,931,186	(258,905)
District contributions subsequent to the measurement date	2,018,408	-
Total	\$ 12,395,947	\$ (3,469,764)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$2,018,408 will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. The net amounts of the District'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	\$ 1,748,254
2023	2,070,292
2024	2,024,218
2025	1,051,888
2026	(34,037)
Thereafter	47,160
	\$ 6,907,775

Note 10 - Defined Other Post-Employment Benefit Plans

Plan Description

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Benefits Provided

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

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

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

TRS-Care Monthly for Retirees			
	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 .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.

	Contribution Rates	
	2021	2020
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

Fiscal Year 2021	
District Contributions	\$ 498,871
Employee Contributions	391,039
Non-employer Contributing Entity (State)	985,150

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Contributions (continued)

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

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

Actuarial Assumptions

The 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 was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

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

Additional Actuarial Methods and Assumptions:

Component	Result
Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
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
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

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 nonemployer 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

Discount Rate – The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease 1.33%	Current Rate 2.33%	1% Increase 3.33%
District's proportionate share of the Net OPEB Liability	\$ 29,106,044	\$ 24,255,083	\$ 20,423,520

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

At August 31, 2021, the District reported a liability of \$24,255,083 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	\$ 24,255,083
State's proportionate share that is associated with District	32,593,017
Total	<u>\$ 56,848,100</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 District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2021, the District’s proportion of the collective Net OPEB Liability was 0.0638% which was an increase of 0.0039% from its proportion measured as of August 31, 2019.

All future statutorily required contributions will be made from the General Fund.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

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

Healthcare Cost Trend Rates – 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.

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 19,813,295	\$ 24,255,083	\$ 30,170,916

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 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 changed 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.

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

For the year ended August 31, 2021, the District recognized OPEB expense of \$612,605. The District also recognized negative on-behalf expense and revenue of \$226,314 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,269,987	\$ (11,100,366)
Changes in actuarial assumptions	1,496,034	(6,660,571)
Difference between projected and actual investment earnings	7,882	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	6,534,719	-
Contributions paid to TRS subsequent to the measurement date	498,871	-
Total	<u>\$ 9,807,493</u>	<u>\$ (17,760,937)</u>

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

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

The \$498,871 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2022	\$ (1,544,241)
2023	(1,545,294)
2024	(1,545,897)
2025	(1,545,732)
2026	(897,874)
Thereafter	(1,373,277)
	<u>\$ (8,452,315)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$272,780, \$254,556, and \$181,247 respectively. The information for the year ended August 31, 2021 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 11 - Accumulated Unpaid Vacation and Sick Leave Benefits

The District does not accrue unpaid sick leave benefits.

Note 12 - Extraordinary Item – Disaster Recovery

During the fiscal year, District's facilities experienced damage due to frozen pipes and leaking roofs as the result of the historic winter weather event that occurred in February 2021. The insurance recovery in the amount of \$1,188,006 is considered an extraordinary gain.

Note 13 - Prior Period Adjustments

In the current year, the following corrections came to the attention of management that necessitated adjusting beginning net position for the following activities. The effect of these corrections is summarized as follows:

	<u>Governmental Activities</u>	<u>Custodial Fund</u>
Net position at August 31, 2020, as previously reported	\$(10,298,414)	\$ -
Prior period adjustments:		
Capital assets	4,493,575	-
Deferred Outflow - Pension	6,500,000	-
GASB No. 84 Implementation	-	438,960
Total prior period adjustments	<u>10,993,575</u>	<u>438,960</u>
Fund Balance/Net position at September 1, 2020, as restated	<u>\$ 695,161</u>	<u>\$ 438,960</u>

Note 14 - Subsequent Events

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed.

Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement.

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

REQUIRED SUPPLEMENTARY INFORMATION

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended August 31, 2021

Exhibit G-1

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local revenues	\$ 42,499,042	\$ 45,258,144	\$ 44,776,913	\$ (481,231)
5800	State program revenues	30,154,036	31,091,480	33,081,256	1,989,776
5900	Federal program revenues	872,620	1,619,688	1,704,934	85,246
5000	Total revenues	73,525,698	77,969,312	79,563,103	1,593,791
Expenditures					
Current:					
0011	Instruction	44,923,599	47,157,127	44,149,094	3,008,033
0012	Instructional resources and media services	657,550	653,287	611,777	41,510
0013	Curriculum and staff development	943,750	658,498	605,856	52,642
0021	Instructional leadership	2,236,890	2,484,525	2,418,616	65,909
0023	School leadership	4,073,119	3,936,629	3,818,723	117,906
0031	Guidance, counseling and evaluation services	2,757,599	2,975,456	2,865,241	110,215
0032	Social work services	42,000	42,000	-	42,000
0033	Health services	430,800	449,913	402,450	47,463
0034	Student transportation	3,563,600	4,234,439	4,003,929	230,510
0036	Extracurricular activities	1,632,260	1,830,139	1,818,322	11,817
0041	General administration	2,807,987	3,100,277	3,004,853	95,424
0051	Facilities maintenance and operations	6,286,550	7,494,359	7,203,690	290,669
0052	Security and monitoring services	524,700	672,481	664,306	8,175
0053	Data processing services	2,359,620	2,622,220	2,111,833	510,387
0061	Community services	41,900	67,074	61,158	5,916
Capital Outlay:					
0081	Capital Outlay	20,000	20,000	-	20,000
Intergovernmental:					
0099	Other governmental charges	540,000	653,000	628,427	24,573
6030	Total Expenditures	73,841,924	79,051,424	74,368,275	4,683,149
1100	Excess (deficiency) of revenues over expenditures	(316,226)	(1,082,112)	5,194,828	6,276,940
Special Item					
7919	Extraordinary Items (Resource)	-	2,238,556	1,188,006	(1,050,550)
8913	Extraordinary Items (Use)	-	(2,238,556)	(1,663,780)	574,776
1200	Net change in fund balances	(316,226)	(1,082,112)	4,719,054	5,801,166
0100	Fund balances - beginning	4,955,205	4,955,205	4,955,205	-
3000	Fund balances - ending	\$ 4,638,979	\$ 3,873,093	\$ 9,674,259	\$ 5,801,166

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Seven Measurement Years

Exhibit G-2

	2020	2019	2018	2017
District's proportion of the net pension liability	0.0474%	0.0448%	0.0432%	0.0324%
District's proportionate share of the net pension liability	\$ 25,368,794	\$ 23,286,614	\$ 23,783,872	\$ 10,372,858
State's proportionate share of the net pension liability associated with the District	41,071,207	36,991,861	36,752,043	22,878,550
Total	<u>\$ 66,440,001</u>	<u>\$ 60,278,475</u>	<u>\$ 60,535,915</u>	<u>\$ 33,251,408</u>
District's covered payroll (for Measurement Year)	\$ 59,159,804	\$ 59,154,222	\$ 51,646,430	\$ 41,945,655
District's proportionate share of the net pension liability as a percentage of covered payroll	42.88%	39.37%	46.05%	24.73%
Plan fiduciary net position as a percentage of the total pension liability *	75.54%	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll *	110.36%	114.93%	126.11%	75.93%

	2016	2015	2014
District's proportion of the net pension liability	0.0342%	0.0356%	0.0221%
District's proportionate share of the net pension liability	\$ 12,939,423	\$ 12,566,876	\$ 2,878,080
State's proportionate share of the net pension liability associated with the District	25,196,619	22,640,492	18,567,648
Total	<u>\$ 38,136,042</u>	<u>\$ 35,207,368</u>	<u>\$ 21,445,728</u>
District's covered payroll (for Measurement Year)	\$ 39,372,795	\$ 37,946,786	\$ 35,347,051
District's proportionate share of the net pension liability as a percentage of covered payroll	32.86%	33.12%	16.63%
Plan fiduciary net position as a percentage of the total pension liability *	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	92.75%	91.94%	72.89%

The amounts presented are for each Plan year which ends the preceding August 31 of the District's fiscal year.

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2014.

Net Pension Liability and related ratios will be presented prospectively as data becomes available

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Fiscal Years Ended August 31

Exhibit G-3

	2021	2020	2019	2018	2017
Contractually required contributions	\$ 2,018,408	\$ 1,258,220	\$ 1,566,775	\$ 1,454,019	\$ 1,063,224
Contributions in relation to the contractually required contributions	2,018,408	1,258,220	1,566,775	1,454,019	1,063,224
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total					
District's covered payroll	\$ 60,160,603	\$ 59,154,222	\$ 51,646,430	\$ 46,817,623	\$ 41,945,655
Contributions as a percentage of covered payroll	3.36%	2.13%	3.03%	3.11%	2.53%
	2016	2015	2014		
Contractually required contributions	\$ 1,087,945	\$ 1,052,686	\$ 557,911		
Contributions in relation to the contractually required contributions	1,087,945	1,052,686	557,911		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
District's covered payroll	\$ 39,372,795	\$ 37,946,786	\$ 35,347,051		
Contributions as a percentage of covered payroll	2.76%	2.77%	1.58%		

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2014.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Four Measurement Years

Exhibit G-4

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0638%	0.0599%	0.0566%	0.0005%
District's proportionate share of the net OPEB liability	\$ 24,255,083	\$ 28,347,753	\$ 28,278,913	\$ 21,700,169
State's proportionate share of the net OPEB liability associated with the District	32,593,017	37,667,824	39,998,365	32,940,792
Total	<u>\$ 56,848,100</u>	<u>\$ 66,015,577</u>	<u>\$ 68,277,278</u>	<u>\$ 54,640,961</u>
District's covered payroll (for Measurement Year)	\$ 59,159,804	\$ 59,154,222	\$ 51,646,430	\$ 41,945,655
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	41.00%	47.92%	54.75%	51.73%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2017.
Net OPEB Liability and related ratios will be presented prospectively as data becomes available

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Four Fiscal Years Ended August 31

Exhibit G-5

	2021	2020	2019	2018
Contractually required contributions	\$ 498,871	\$ 443,703	\$ 424,896	\$ 391,237
Contributions in relation to the contractually required contributions	498,871	443,703	424,896	391,237
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 60,160,603	\$ 59,154,222	\$ 51,646,431	\$ 46,817,623
Contributions as a percentage of covered payroll	0.83%	0.75%	0.82%	0.84%

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2018.

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Notes to Schedules for the TRS Pension

Changes of Assumptions

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

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Notes to Schedules for the TRS OPEB Plan

Changes of Assumptions

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 (TOL).

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.

Changes in Benefit Terms

There were no changes in benefit terms since the prior measurement date. TRS created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.



OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

ESEA Stands For: Elementary Secondary Education Act

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
211	ESEA, Title I, Pt A - Improving Basic Education - program is used to account for funds to help LEAs improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.
224	IDEA, Part B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.
225	IDEA, Part B - Preschool - aids preschool students with disabilities.
240	Child Nutrition - fund used to account for food services in a special revenue fund when the service is subsidized with federal reimbursement revenues from the USDA.
242	Summer Feeding Program - code is used to account for funds received from the Texas Department of Agriculture for meals provided to the community based on the average number of daily participants.
244	Career and Technical Education - funds are used to account for funds granted to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.
255	ESEA, Title II, Part A - Supporting Effective Instruction - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	ESEA, Title III, Part A - BIL/ESL -helps to ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging State academic content and student academic achievement standards as all children are expected to meet
266	Elementary and Secondary School Emergency Relief Fund (ESSER) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act - funds used to account for federal stimulus Elementary and ESSER funds granted to LEAs through the CARES Act to support LEAs' ability to operate and instruct their students during the COVID-19 pandemic.
277	Coronavirus Relief Fund (CRF) - funds used to account for federal stimulus CRF granted to LEAs through the CARES Act for necessary expenditures incurred due to the public health emergency with respect to COVID-19 and to reimburse LEAs for expenses related to COVID-19 that were incurred dating back to March 1, 2020.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
281	Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - funds used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support an LEA's ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.
282	ESSER III of the American Rescue Plan Act of 2021 - used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.
289	Title IV Part A - refers to Student Support and Academic Enrichment and fund are use to provide all students access to a well-rounded education, improve academic outcomes by maintaining safe and healthy students, and improve the use of technology to advance student academic achievement.
397	Advanced Placement Incentives - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
410	State Instructional Materials Fund - provides funds to purchase instructional materials, technological equipment and technology-related services.
427	Evaluation Capacity Fund - grant is designed to research, identify, procure, and deploy resources and personnel to assist LEAs in securing appropriately certified and/or licensed evaluation staff for the purposes of completing evaluations for eligibility for special education services.
429	Safety and Security Grant - provides funding to public schools for additional safety and security equipment (campus hardening).
499	Miscellaneous Donations/Grants - funds are used to account for funds donated or awarded by local sources for various organizations within the District.

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 1 of 5

		211	224	225	240
		ESEA, Title I, Pt A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool	Child Nutrition
Data Control Codes					
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,097,433
1240	Receivables from other governments	169,205	225,232	-	187,943
1000	Total Assets	<u>\$ 169,205</u>	<u>\$ 225,232</u>	<u>\$ -</u>	<u>\$ 1,285,376</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 195	\$ -	\$ 5,101
2160	Accrued wages payable	-	-	-	69,507
2170	Due to other funds	169,205	225,037	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>169,205</u>	<u>225,232</u>	<u>-</u>	<u>74,608</u>
	Fund Balance:				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	1,210,768
	Committed:				
3545	Campus activities	-	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210,768</u>
4000	Total Liabilities and Fund Balances	<u>\$ 169,205</u>	<u>\$ 225,232</u>	<u>\$ -</u>	<u>\$ 1,285,376</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
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		242	244	255	263
Data Control Codes				ESEA, Title II, Pt A -	
		Summer Feeding Program	Career and Technical Education	Supporting Effective Instruction	ESEA, Title III, Pt A - BIL/ESL
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	-	-	-	41,718
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,718</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	41,718
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,718</u>
Fund Balance:					
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,718</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 3 of 5

		266	277	281	282
Data Control Codes		ESSER I (CARES Act)	Coronavirus Relief Fund	ESSER II (CRRSA)	ESSER III (ARPA)
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 31,509	\$ -
1240	Receivables from other governments	159,162	-	-	3,213,755
1000	Total Assets	<u>\$ 159,162</u>	<u>\$ -</u>	<u>\$ 31,509</u>	<u>\$ 3,213,755</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	159,162	-	-	3,213,755
2180	Due to other governments	-	-	31,509	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>159,162</u>	<u>-</u>	<u>31,509</u>	<u>3,213,755</u>
	Fund Balance:				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Campus activities	-	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 159,162</u>	<u>\$ -</u>	<u>\$ 31,509</u>	<u>\$ 3,213,755</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 4 of 5

		289	397	410	427
Data Control Codes		Title IV Part A	Advanced Placement Incentive	State Instructional Materials Fund	Evaluation Capacity Fund
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 68,797	\$ -
1240	Receivables from other governments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,797</u>	<u>\$ -</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ 38,654	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	30,143	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>68,797</u>	<u>-</u>
	Fund Balance:				
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	-
	Committed:				
3545	Campus activities	-	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,797</u>	<u>\$ -</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 5 of 5

Data Control Codes		429	499	Total Nonmajor Governmental Funds
		Safety & Security Grant	Misc. Donations/ Grants	
	Assets			
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,197,739
1240	Receivables from other governments	-	-	3,997,015
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,754</u>
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ 43,950
2160	Accrued wages payable	-	-	69,507
2170	Due to other funds	-	-	3,808,877
2180	Due to other governments	-	-	31,509
2300	Unearned revenues	-	-	30,143
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 3,983,986</u>
	Fund Balance:			
	Restricted:			
3450	Federal/State funds grant restrictions	-	-	1,210,768
	Committed:			
3545	Campus activities	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>1,210,768</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,754</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2

Page 1 of 5

		211	224	225	240
Data Control Codes		ESEA, Title I, Pt A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool	Child Nutrition
Revenues					
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	20,062
5900	Federal Program Revenues	1,414,806	1,273,587	17,422	523,220
5020	Total Revenues	1,414,806	1,273,587	17,422	543,282
Expenditures					
Current:					
0011	Instruction	566,639	67,598	17,052	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	1,020	-	-
0021	Instructional Leadership	748,230	1,020	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	1,203,949	370	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	217,839
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	99,937	-	-	-
6030	Total Expenditures	1,414,806	1,273,587	17,422	217,839
1100	Excess (deficiency) of revenues over expenditures	-	-	-	325,443
1200	Net change in fund balances	-	-	-	325,443
0100	Fund Balance - September 1 (Beginning)	-	-	-	885,325
	Prior period adjustment				
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 1,210,768

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2

Page 2 of 5

Data Control Codes		242	244	255	263
		Summer Feeding Program	Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction	ESEA, Title III, Pt A - BIL/ESL
Revenues					
5700	Local and Intermediate Sources	\$ 102,712	\$ -	\$ -	\$ -
5800	State Program Revenues	33,245	-	-	-
5900	Federal Program Revenues	3,278,304	74,989	207,967	226,249
5020	Total Revenues	3,414,261	74,989	207,967	226,249
Expenditures					
Current:					
0011	Instruction	-	74,989	-	222,908
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	207,967	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	3,282,237	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	132,024	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	3,341
6030	Total Expenditures	3,414,261	74,989	207,967	226,249
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
	Prior period adjustment				
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2

Page 3 of 5

		266	277	281	282
Data Control Codes		ESSER I (CARES Act)	Coronavirus Relief Fund	ESSER II (CRRSA)	ESSER III (ARPA)
Revenues					
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	978,322	606,650	468,853	3,213,755
5020	Total Revenues	978,322	606,650	468,853	3,213,755
Expenditures					
Current:					
0011	Instruction	909,868	-	12,373	2,355,641
0012	Instructional Resources and Media Services	-	-	-	3,629
0013	Curriculum and Instructional Staff Development	-	-	2,141	1,526
0021	Instructional Leadership	68,454	-	-	20,784
0023	School Leadership	-	-	-	32,219
0031	Guidance, Counseling and Evaluation Services	-	-	-	25,910
0032	Social work services	-	-	-	41,088
0033	Health Services	-	-	-	3,969
0034	Student Transportation	-	-	454	43,081
0035	Food Services	-	-	-	27,888
0036	Cocurricular/Extracurricular Activities	-	-	3,573	1,521
0041	General Administration	-	-	7,437	11,730
0051	Facilities Maintenance and Operations	-	-	-	199,368
0052	Security and Monitoring Services	-	-	-	507
0053	Data Processing Services	-	606,650	442,875	443,374
0061	Community Services	-	-	-	1,520
6030	Total Expenditures	978,322	606,650	468,853	3,213,755
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
	Prior period adjustment				
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2

Page 4 of 5

		289	397	410	427
Data Control Codes		Title IV Part A	Advanced Placement Incentive	State Instructional Materials Fund	Evaluation Capacity Fund
Revenues					
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	2,250	534,116	98,409
5900	Federal Program Revenues	69,492	-	-	-
5020	Total Revenues	69,492	2,250	534,116	98,409
Expenditures					
Current:					
0011	Instruction	49,268	-	534,116	6,040
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	2,250	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	16,869	-	-	-
0031	Guidance, Counseling and Evaluation Services	3,355	-	-	92,369
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	69,492	2,250	534,116	98,409
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
Prior period adjustment					
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit H-2

Page 5 of 5

Data Control Codes		429	499	Total Nonmajor Governmental Funds
		Safety & Security Grant	Misc. Donations/ Grants	
Revenues				
5700	Local and Intermediate Sources	\$ -	\$ 3,950	\$ 106,662
5800	State Program Revenues	106	-	688,188
5900	Federal Program Revenues	-	-	12,353,616
5020	Total Revenues	106	3,950	\$ 13,148,466
Expenditures				
Current:				
0011	Instruction	106	3,950	4,820,548
0012	Instructional Resources and Media Services	-	-	3,629
0013	Curriculum and Instructional Staff Development	-	-	6,937
0021	Instructional Leadership	-	-	1,046,455
0023	School Leadership	-	-	49,088
0031	Guidance, Counseling and Evaluation Services	-	-	1,325,953
0032	Social work services	-	-	41,088
0033	Health Services	-	-	3,969
0034	Student Transportation	-	-	43,535
0035	Food Services	-	-	3,527,964
0036	Cocurricular/Extracurricular Activities	-	-	5,094
0041	General Administration	-	-	19,167
0051	Facilities Maintenance and Operations	-	-	331,392
0052	Security and Monitoring Services	-	-	507
0053	Data Processing Services	-	-	1,492,899
0061	Community Services	-	-	104,798
6030	Total Expenditures	106	3,950	12,823,023
1100	Excess (deficiency) of revenues over expenditures	-	-	325,443
1200	Net change in fund balances	-	-	325,443
0100	Fund Balance - September 1 (Beginning)	-	-	885,325
	Prior period adjustment			-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 1,210,768



REQUIRED TEA SCHEDULES

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2021

Exhibit J-1
Page 1 of 2

	1		2	3		10
Last Ten Fiscal Years	Tax Rates			Net Assessed/Appraised Value For School Tax Purposes		Beginning Balance 9/1/2020
	Maintenance	Debt Service				
2012 and prior	Various	Various		Various		\$ 654,272
2013	\$ 1.040000	\$ 0.400000	\$	1,731,973,506		106,199
2014	1.040000	0.400000		1,892,167,836		141,608
2015	1.040000	0.400000		2,021,703,553		180,496
2016	1.040000	0.400000		2,243,617,577		194,177
2017	1.040000	0.400000		2,600,531,319		273,161
2018	1.040000	0.400000		3,027,820,555		421,385
2019	1.040000	0.400000		3,383,391,176		712,534
2020	0.970000	0.400000		3,474,115,125		1,653,822
2021	0.966400	0.400000		4,237,334,104		-
1000 TOTALS						<u>\$ 4,337,654</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2021

Exhibit J-1
Page 2 of 2

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2021</u>
2012 and prior	\$ -	\$ 54,033	\$ 20,782	\$ (136,703)	\$ 442,754
2013	-	9,028	3,472	(665)	93,034
2014	-	10,843	4,171	(2,189)	124,405
2015	-	20,022	7,701	6,953	159,726
2016	-	33,948	13,057	10,469	157,641
2017	-	61,169	23,527	24,041	212,506
2018	-	160,780	61,838	101,040	299,807
2019	-	374,635	144,090	270,017	463,826
2020	-	693,664	286,047	106,550	780,661
2021	<u>57,898,933</u>	<u>42,341,325</u>	<u>17,525,383</u>	<u>3,666,973</u>	<u>1,699,198</u>
1000 TOTALS	<u>\$ 57,898,933</u>	<u>\$ 43,759,447</u>	<u>\$ 18,090,068</u>	<u>\$ 4,046,486</u>	<u>\$ 4,433,558</u>
Total taxes receivable per Exhibit C-1					<u>\$ 4,433,558</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION
For the Year Ended August 31, 2021

Exhibit J-2

Data Control Codes		Child Nutrition			
		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
	Operating Revenues				
5700	Local revenues	\$ 767,000	\$ 767,000	\$ -	\$ (767,000)
5800	State program revenues	20,000	45,000	20,062	(24,938)
5900	Federal program revenues	3,150,000	3,384,633	523,220	(2,861,413)
	Total operating revenues	3,937,000	4,196,633	543,282	(3,653,351)
	Operating Expenses				
0035	Food services	3,722,100	3,722,100	217,839	3,504,261
0051	Facilities maintenance and operations	214,900	214,900	-	214,900
6030	Total operating expenses	3,937,000	3,937,000	217,839	3,719,161
1200	Net change in fund balances/net position	-	259,633	325,443	65,810
0100	Net position - September 1 (beginning)	885,325	885,325	885,325	-
3000	Net position - August 31 (ending)	\$ 885,325	\$ 1,144,958	\$ 1,210,768	\$ 65,810

WALLER INDEPENDENT SCHOOL DISTRICT
Exhibit J-3
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND
For the Year Ended August 31, 2021

Data Control Codes		Debt Service Fund			
		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local revenues	\$ 17,519,849	\$ 18,194,831	\$ 18,247,916	\$ 53,085
5800	State program revenues	122,867	122,867	109,726	(13,141)
5020	Total revenues	17,642,716	18,317,698	18,357,642	39,944
Expenditures					
Debt Service:					
0071	Principal on long-term debt	5,295,000	5,295,000	5,295,000	-
0072	Interest on long-term debt	12,296,975	13,637,010	13,637,008	2
0073	Bond issuance costs and fees	20,000	20,000	6,173	13,827
6030	Total expenditures	17,611,975	18,952,010	18,938,181	13,829
1100	Excess (deficiency) of revenues over expenditures	30,741	(634,312)	(580,539)	53,773
Other Financing Sources (Uses):					
7916	Premium or discount on issuance of bonds	-	3,007,275	3,007,275	-
1200	Net change in fund balances	30,741	2,372,963	2,426,736	53,773
0100	Fund balances - beginning	22,030,932	22,030,932	22,030,932	-
3000	Fund balances - ending	\$ 22,061,673	\$ 24,403,895	\$ 24,457,668	\$ 53,773



FEDERAL AWARDS SECTION



**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
Waller Independent School District
Waller, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waller 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 District’s basic financial statements, and have issued our report thereon dated January 10, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

To the Board of Trustees
Waller Independent School District

Compliance and Other Matters

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

Purpose of this Report

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

Whitley Penn LLP

Houston, Texas
January 10, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Waller Independent School District
Waller, Texas

Report on Compliance for Each Major Federal Program

We have audited Waller 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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.

To the Board of Trustees
Waller Independent School District

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.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Houston, Texas
January 10, 2022

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2021

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)	No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Education	
<i>ESEA, Title I, Part A - Improving Basic Programs</i>	84.010A
<i>CARES Act, Section 18003 – Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)</i>	84.425D
<i>CRRSAA, ESSER II Prior Purchase Reimbursement Program (PPRP) (COVID-19)</i>	84.425D
<i>ARP, ESSER III (COVID-19)</i>	84.425U
US Department of Treasury	
<i>Coronavirus Relief Fund (COVID-19)</i>	21.019
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	No

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2021

II. Financial Statement Findings

None Reported

III. Federal Awards Findings And Questioned Costs

None Reported

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

Exhibit K-1
Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number*	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Passed Through Texas Education Agency:				
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	21610101237904	\$ 1,194,577
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	20610101237904	220,229
Total ALN 84.010				<u>1,414,806</u>
IDEA - Part B, Formula	224	84.027A	216600012379046000	1,203,996
IDEA - Part B, Formula	224	84.027A	206600012379046000	69,591
IDEA - Part B, Preschool	225	84.173A	216610012379046000	5,801
IDEA - Part B, Preschool	225	84.173A	206610012379046000	11,621
Total Special Education Cluster (ALN 84.027, 84.173)				<u>1,291,009</u>
Career and Technical - Basic Grant	244	84.048A	21420006237904	74,989
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	21694501237904	207,967
Title III, Part A - English Language Acquisition	263	84.365A	21671001237904	205,297
Title III, Part A - English Language Acquisition	263	84.365A	20671001237904	20,952
Total ALN 84.365				<u>226,249</u>
CARES Act, Section 18003 - Elementary and Secondary School Emergency Relief Fund (ESSER) Grant (COVID-19)	266	84.425D	20521001237904	978,322
CRRSAA, ESSER II Prior Purchase Reimbursement Program (PPRP) (COVID-19)	281	84.425D	52102135	468,853
ARP, ESSER III Grant (COVID-19)	282	84.425U	21528001237904	3,213,755
Total ALN 84.425				<u>4,660,930</u>
Title IV, Part A	289	84.424A	21680101237904	68,877
Title IV, Part A	289	84.424A	20680101237904	615
Total ALN 84.424				<u>69,492</u>
Total U. S. Department of Education				<u>7,945,442</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

Exhibit K-1

Page 2 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number*	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Treasury				
Passed Through Texas Division of Emergency Management:				
<i>Coronavirus Relief Fund (COVID-19)</i>	199	21.019	2020-CF-21019	134,032
Passed Through Texas Education Agency:				
<i>Operation Connectivity Bulk Purchase Program Local Match Reimbursement Program, Texas Education Agency (COVID-19)</i>	277	21.019	52202002	303,325
<i>Operation Connectivity Bulk Purchase Program Local Match Reimbursement Program, Harris County (COVID-19)</i>	277	21.019	39312101	303,325
<i>Total ALN 21.019</i>				<u>740,682</u>
Total U. S. Department of Treasury				<u>740,682</u>
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Cash assistance:				
<i>Child and Adult Care Program</i>	240	10.558	01114	86,513
<i>Child and Adult Care Food Program (CACFP) Emergency Operational Costs Reimbursement Program (COVID-19)</i>	240	10.558	01114	9,716
<i>Total ALN 10.558</i>				<u>96,229</u>
<i>State Administrative Expense for Child Nutrition Programs</i>				
<i>-</i>				
<i>Storage and Delivery</i>	240	10.560	01114	9,856
Non Cash assistance (Commodities):				
<i>National School Lunch Program</i>	242	10.555	01114	308,728
<i>School Programs Emergency Operational Cost Reimbursement Program (COVID-19)</i>	240	10.555	01114	234,633
Cash Assistance:				
<i>Summer Feeding Program</i>	242	10.559	01114	2,969,576
Passed Through Texas Education Agency:				
Cash assistance:				
<i>Seamless Summer Option School Breakfast</i>	240	10.553	71402101	40,466
<i>Seamless Summer Option School National School Lunch</i>	240	10.555	71302101	142,036
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>				<u>3,695,439</u>
Total U. S. Department of Agriculture				<u>3,801,524</u>
Total Expenditures of Federal Awards				<u>\$ 12,487,648</u>

*ALN formerly known as CFDA #.

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and 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 current liabilities 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 assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

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, 2021. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation of Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and expenditures reports on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	\$ 12,487,648
Federal revenue accounted for in the governmental funds:	
School Health and Related Services (SHARS)	1,409,350
Junior Reserve Officers' Training Corps (JROTC)	69,342
E-Rate	92,210
Total federal revenue - Exhibit C-3	\$ 14,058,550

Note 4 - General Fund Federal Program Revenues

Federal Awards reported in the general fund are summarized as follows:

Program or Source	ALN	Amount
School Health and Related Services (SHARS)	N/A	\$ 1,409,350
Junior Reserve Officers' Training Corps (JROTC)	N/A	69,342
E-Rate	N/A	92,210
Coronavirus Relief Fund (COVID-19)	21.019	134,032
		\$ 1,704,934

WALLER INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "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." The 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 and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

WALLER INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable



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Schedule L-1 – Required Responses to Selected School FIRST Indicators

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
SF3	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.) 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. 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.	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
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 government-wide financial statements at fiscal year-end.	\$ -0-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).