



**ACADEMY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**

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FOR THE YEAR ENDED AUGUST 31, 2021**

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CERTIFICATE OF BOARD

Academy Independent School District
Name of School District

Bell
County

014-901
Co.-Dist. Number

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


Signature of Board Secretary


Signature of Board President

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

Paul J. Christensen & Associates, LLC

Certified Public Accountants

2110 Austin Avenue
Waco, Texas 76701
(254)752-3436
FAX (254)752-3463
<http://www.waco-cpa.com>

Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Academy Independent School District
Little River-Academy, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and OPEB information on pages 6–10 and 50-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining statements, required TEA schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of Academy Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Academy Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy Independent School District's internal control over financial reporting and compliance.

Paul J. Christensen & Associates, LLC



Waco, Texas
January 18, 2022

ACADEMY INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Academy Independent School District's annual financial report provides our overview of the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which begin on page 12.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,163,359 (*net position*). Of this amount, a deficit of \$44,761,310 represents unrestricted net position.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$54,583,205, which is an increase of \$47,424,886 in comparison with the prior year. This change is primarily a result of an increase in state revenue.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,100,389 or 30% of total General Fund expenditures, a decrease of \$29,615 or 1% from the prior year. The committed fund balance of \$65,667 reflects the net resources and obligations related to ongoing construction projects at the end of the current fiscal year.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (pages 12 and 13 respectively). These provide information about the activities of the District as a whole and present a long-term view of the District's property and 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.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements – the fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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. The combining statements for non-major funds contain even more information about the District's individual funds. The sections labeled Required TEA Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 7. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities, deferred outflows/inflows of resources at the end of the year while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by most private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The District's revenue is divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenue), and revenue provided by

the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows/inflows of resources and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, non-financial factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

- **Governmental Activities** – The District's services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes (such as campus activities).

The District has the following fund types:

- **Governmental funds** – Most of the District's services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are provided in reconciliation schedules following each of the governmental fund financial statements.
- **Fiduciary funds** – The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. 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 and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statement because the District cannot use these assets to finance its operations.

Government-Wide Financial Analysis

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table I) and the change in net position (Table II) of the District's governmental activities.

Table I
Academy Independent School District
Net Position

	Governmental Activities 2021	Governmental Activities 2020
ASSETS		
Current and other assets	\$ 55,984,963	\$ 8,276,458
Capital assets, net	25,141,234	24,649,189
Total assets	<u>81,126,197</u>	<u>32,925,647</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to TRS	1,726,202	2,246,197
Deferred outflows related to TRS OPEB	1,459,734	1,475,798
Total Deferred Outflows of Resources	<u>3,185,936</u>	<u>3,721,995</u>
LIABILITIES		
Long-term liabilities	72,754,541	28,185,090
Other liabilities	2,580,599	2,087,784
Total liabilities	<u>75,335,140</u>	<u>30,272,874</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to TRS	747,484	635,453
Deferred inflows related to TRS OPEB	3,066,150	2,201,918
Total Deferred Inflows of Resources	<u>3,813,634</u>	<u>2,837,371</u>
NET POSITION:		
Invested in capital assets, net of related debt	(1,608,186)	4,399,021
Restricted	51,532,855	1,776,799
Unrestricted	(44,761,310)	(2,638,423)
Total net position	<u>5,163,359</u>	<u>3,537,397</u>
	<u>\$ 84,312,133</u>	<u>\$ 36,647,642</u>

Table II

**Academy Independent School District
Change in Net Position**

	Governmental Activities 2021	Governmental Activities 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 587,884	\$ 639,180
Operating grants and contributions	3,060,339	2,807,434
General Revenues:		
Property taxes	6,705,992	6,219,463
State aid - formula grants	10,956,487	9,736,310
Investment earnings	8,818	82,061
Miscellaneous	106,146	75,255
Total Revenue	21,425,666	19,559,703
Expenses:		
Instruction	10,951,041	10,624,181
Instructional resources and media services	240,263	247,036
Curriculum and instructional staff development	434,423	488,370
School leadership	1,251,448	1,251,182
Guidance, counseling and evaluation services	495,963	465,830
Health services	227,322	221,494
Student (pupil) transportation	736,963	536,916
Food services	793,541	672,793
Extracurricular activities	724,609	704,623
General administration	753,253	745,860
Facilities maintenance and operations	1,895,482	1,776,573
Security and monitoring services	96,943	78,328
Data processing services	184,547	155,450
Community services	-	-
Debt service	537,151	799,720
Bond issuance costs and fees	-	913
Facilities acquisition and construction	-	-
Payments to fiscal agent/member district of SSA	460,212	396,266
Total Expenses	19,783,161	19,165,535
Change in net position	1,642,505	394,168
Net position - beginning	3,537,397	3,143,229
Prior Period Adjustments	(16,543)	-
Net position - end	\$ 5,163,359	\$ 3,537,397

Analysis

Increased funding and related state-mandated payroll expense increases enacted through the 86th Legislative session had a dramatic impact on both revenues and expenses for the year.

The District's total revenues increased from \$19,559,703 to \$21,425,666 an increase of \$1,865,963. State aid – formula grants increased by \$1,220,177 due to the legislative action mentioned above. The increase in attendance at the school district has also driven the increase in state aid revenues. Service revenues decreased by \$97,436 due to the U.S. Department of Agriculture extending free meals for students. Property taxes increased by \$486,529 due an increase in the appraised value of property within the school district.

The District's total expenses increased by \$617,626 from \$19,165,535 to \$19,783,161. The increase in expenses were related to higher payroll costs enacted through the 86th Legislative session mentioned above. Additionally, the District hired additional staff due to the increase in attendance.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 14 – 15) reported a combined fund balance of \$54,583,205 which is more than last year's total of \$7,158,319. This year's operations resulted in an increase of fund balance of \$47,424,886.

Over the course of the year, the Board of Trustees revised the budget as needed.

The District's General Fund balance of \$5,166,056 reported in exhibit G-1 differs from the General Fund's budgetary fund balance of \$4,044,506 reported in the budgetary comparison schedule within this report. This is principally due to actual revenues being more than budgeted revenues and actual expenditures being less than budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of 2021, the District had \$25,057,764 net of depreciation invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions:

Land	\$	1,151,165
Buildings & Improvements		133,327
Equipment		444,739
Vehicles		155,377

Debt

At year-end, the District had long-term debt obligations of \$66,186,322.

Economic Factors and Next Year's Budgets and Rates

For the 2021-2022 school year, the District will strive to maintain all programs without significant changes. The District continues to be aware of and plan for coming legislative changes to state funding in order to be successful in maintaining their educational programs, meeting increased state guidelines and maintaining adequate fund balance reserves.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Academy Independent School District 704 East Main Street Little River-Academy, TX 76554-9801 – (254) 982-4304.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes		Primary Government Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 55,378,250
1220	Property taxes - delinquent	146,815
1240	Due from other governments	438,165
1267	Due from fiduciary funds	2,183
1290	Other receivables (net)	19,251
	Capital Assets:	
1510	Land	1,648,225
1520	Buildings and Improvements, net	22,170,265
1530	Furniture and Equipment, net	773,798
1540	Vehicles, net	435,536
1560	Library Books and Media, net	113,410
1580	Construction in Progress	-
1900	Other Assets	299
1000	Total assets	81,126,197
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows related to TRS	1,726,202
1706	Deferred outflows related to TRS OPEB	1,459,734
1700	Total deferred outflows of resources	3,185,936
LIABILITIES		
2110	Accounts payable	85,865
2140	Interest payable	33,922
2160	Accrued Wages Payable	909,463
2165	Accrued liabilities	82,967
2180	Due to other governments	1,134
2190	Due to Student Activity Funds	16,543
2200	Accrued Expenditures or expenses	23,631
2300	Deferred revenue	218,306
	Noncurrent liabilities:	
2501	Due within one year	1,526,238
2502	Due in more than one year	64,660,084
2540	Net Pension Liability (District's Share)	3,589,723
2545	Net OPEB Liability (District's Share)	4,187,264
2000	Total liabilities	75,335,140
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflows related to TRS	747,484
2606	Deferred inflows related to TRS OPEB	3,066,150
2600	Total deferred inflows of resources	3,813,634
NET POSITION		
3200	Invested in capital assets, net of related debt	6,013,943
	Restricted for:	
3820	Federal and state programs	-
3850	Debt service	2,079,823
3860	Capital Projects	47,092,953
3900	Unrestricted	(50,023,360)
3000	Total net position	<u>\$ 5,163,359</u>

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

ACADEMY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT B-1

Data Control Codes		1 Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities
Primary government:					
Governmental activities:					
11	Instruction	10,951,041	207,717	1,913,361	(8,829,963)
12	Instructional resources and media services	240,263	10,261	17,678	(212,324)
13	Curriculum and staff development	434,423	-	30,830	(403,593)
23	School leadership	1,251,448	105,506	684,922	(461,020)
31	Guidance, counseling, and evaluation services	495,963	7,750	38,371	(449,842)
33	Health services	227,322	-	18,121	(209,201)
34	Student transportation	736,963	-	50,994	(685,969)
35	Food Service	793,541	140,637	54,579	(598,325)
36	Extracurricular activities	724,609	84,980	47,955	(591,674)
41	General administration	753,253	-	52,949	(700,304)
51	Facilities maintenance and operations	1,895,482	31,033	130,922	(1,733,527)
52	Security and monitoring services	96,943	-	6,027	(90,916)
53	Data processing services	184,547	-	13,630	(170,917)
61	Community services	-	-	-	-
72	Interest on long-term debt	537,151	-	-	(537,151)
73	Bond Issuance costs and fees	-	-	-	-
81	Capital outlay	-	-	-	-
93	Payments related to shared services arrangements	460,212	-	-	(460,212)
TP	Total primary government	\$ 19,783,161	\$ 587,884	\$ 3,060,339	\$ (16,134,938)

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes	5,044,893
DT	Property Taxes, Levied for Debt Service	1,661,099
SF	State Aid - Formula Grants	10,956,487
IE	Investment Earnings	8,818
MI	Miscellaneous Local and Intermediate Revenue	106,146
TR	Total General Revenues	17,777,443
CN	Change in Net Position	1,642,505
NB	Net Position - beginning	3,537,397
PA	Prior period adjustment	(16,543)
NE	Net Position - ending	\$ 5,163,359

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

ACADEMY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2021

EXHIBIT C-1

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS				
1110 Cash and cash equivalents	\$ 5,560,720	\$ 2,188,527	\$ 47,629,003	\$ 55,378,250
1220 Property taxes - delinquent	107,175	39,640	-	146,815
1230 Allowance for uncollectible taxes	-	-	-	-
1240 Due from other governments	297,186	3,212	137,767	438,165
1260 Due from other funds	292,159	11,416	9,164	312,739
1290 Other receivables	-	501	18,750	19,251
1900 Other assets	299	-	-	299
1000 Total Assets	6,257,539	2,243,296	47,794,684	56,295,519
LIABILITIES				
2110 Accounts payable	67,414	500	17,951	85,865
2160 Accrued wages payable	803,868	-	105,595	909,463
2170 Due to other funds	20,582	10,000	279,974	310,556
2180 Due to other governments	-	-	1,134	1,134
2190 Due to Student Activity Funds	-	-	16,543	16,543
2200 Accrued expenditures/expenses	17,444	-	6,187	23,631
2300 Unearned revenue	75,000	118,694	24,612	218,306
2000 Total Liabilities	984,308	129,194	451,996	1,565,498
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable revenue - property taxes	107,175	39,641	-	146,816
2600 Total Deferred Inflows of Resources	107,175	39,641	-	146,816
FUND BALANCES				
3450 Restricted - Food Service	-	-	5,362	5,362
3470 Restricted - Capital Projects	-	-	47,092,953	47,092,953
3480 Restricted - Debt Service	-	2,074,461	-	2,074,461
3510 Committed - Construction	65,667	-	-	65,667
3545 Committed - Bell Co. Coop	-	-	244,373	244,373
3600 Unassigned	5,100,389	-	(1)	5,100,388
3000 Total Fund Balances	5,166,056	2,074,461	47,342,687	54,583,204
4000 Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,257,539	\$ 2,243,296	\$ 47,794,683	\$ 56,295,518

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

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

EXHIBIT C-1R

Total Fund Balances - Governmental Funds	\$	54,583,205
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$42,862,440 and the accumulated depreciation was (\$18,218,153). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		(50,542,925)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase net position.		2,743,480
Current year bond additions and bond payoffs are revenue in the fund financial statements, but they should be shown as increases or decreases in bonds payable in the government-wide financial statements. The net effect of including the 2021 bond additions and pay-offs is to increase net position.		
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,726,202, a deferred resource inflow in the amount of \$747,484 and a net pension liability in the amount of \$3,589,723.		(299,597)
Also included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,459,734, a deferred resource inflow in the amount of \$3,066,150 and a net OPEB liability in the amount of \$4,187,264. The net effect of items related to GASB 68 and GASB 75 for pension and OPEB liabilities was a decrease in net position.		
4 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,387,663)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and recognizing the liabilities associated with maturing long-term debt and interest and compensated absences. The net effect of these reclassifications and recognitions is to increase net position.		66,859
19 Net Position of Governmental Activities	\$	<u>5,163,359</u>

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

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

EXHIBIT C-2

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and intermediate sources	\$ 5,252,083	\$ 1,664,927	\$ 460,478	\$ 7,377,488
5800 State program revenues	11,753,644	225,634	141,917	12,121,195
5900 Federal program revenues	179,944	-	1,507,759	1,687,703
5020 Total revenues	17,185,671	1,890,561	2,110,154	21,186,386
EXPENDITURES				
Current:				
0011 Instruction	9,174,848	-	1,069,791	10,244,639
0012 Instructional resources and media services	217,273	-	-	217,273
0013 Curriculum and instructional staff development	284,139	-	107,966	392,105
0023 School leadership	1,018,779	-	98,619	1,117,398
0031 Guidance, counseling, and evaluation services	384,357	-	59,212	443,569
0033 Health services	202,978	-	850	203,828
0034 Student (pupil) transportation	620,091	-	105,377	725,468
0035 Food services	486	-	716,506	716,992
0036 Extracurricular activities	630,468	-	29,597	660,065
0041 General administration	682,667	-	-	682,667
0051 Facilities maintenance and operations	1,708,771	-	42,792	1,751,563
0052 Security and monitoring services	90,073	-	-	90,073
0053 Data processing services	167,260	-	-	167,260
0061 Community services	-	-	-	-
Debt Service:				
0071 Principal on long-term debt	243,418	720,000	-	963,418
0072 Interest on long-term debt	33,758	763,430	-	797,188
0073 Bond issuance costs and fees	-	23,578	-	23,578
Capital outlay:				
0081 Facilities acquisition and construction	1,292,662	-	-	1,292,662
Intergovernmental:				
0093 Payments to fiscal agent/member district of SSA	460,212	-	-	460,212
6030 Total expenditures	17,212,240	1,507,008	2,230,710	20,949,958
1100 Excess (deficiency) of revenues over expenditures	(26,569)	383,553	(120,556)	236,428
OTHER FINANCING SOURCES (USES) :				
7911 Bond Revenue	-	-	47,205,000	47,205,000
7914 Non-current loan proceeds	-	-	-	-
7915 Transfers in	-	-	3,046	3,046
8911 Transfers out	(3,046)	-	-	(3,046)
7080 Total other financing sources and (uses)	(3,046)	-	47,208,046	47,205,000
1200 Net change in fund balances	(29,615)	383,553	47,087,490	47,441,428
0100 Fund balances--beginning	5,195,671	1,690,908	271,741	7,158,320
1300 Prior Period Adjustments	-	-	(16,543)	(16,543)
3000 Fund balances--ending	\$ 5,166,056	\$ 2,074,461	\$ 47,342,688	\$ 54,583,205

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

ACADEMY INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT C-3

Total Net Change in Fund Balances - Governmental Funds	\$	47,441,428
<p>Bond proceeds are recognized as revenue in the financial statements, but they be shown as increases in long-term debt in the government-wide financial statements. The net effect of removing the 2021 bond revenue is to decrease net position.</p>		
		(47,205,000)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase net position.</p>		
		2,743,480
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,387,663)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest and compensated absences. The net effect of these reclassifications and recognitions is to increase net position.</p>		
		349,857
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$331,622. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$276,547. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$376,902.</p>		
		(299,597)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$92,128. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$83,721. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$83,721. The proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$13,823. The net effect for both GASB 68 and GASB 75 related to pension and OPEB expenses is a decrease in the change in net position.</p>		
		1,642,505
Change in Net Position of Governmental Activities	\$	1,642,505

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

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

EXHIBIT E-1

	Scholarship Trust Fund	Student Activity Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 43,054	\$ 148,135
Total Assets	43,054	148,135
LIABILITIES		
Due to Other Funds	-	2,186
Due to Student Groups	-	145,949
Total Liabilities	-	148,135
NET POSITION		
Restricted for Scholarships	43,054	-
Total Net Position	\$ 43,054	\$ -

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

ACADEMY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT E-2

	Scholarship Trust Fund	Student Activity Custodial Fund
ADDITIONS:		
Local and Intermediate Sources	\$ 8,412	\$ 255,497
Total Additions	<u>8,412</u>	<u>255,497</u>
DEDUCTIONS:		
Supplies & Materials	-	190,272
Other Operating Costs	14,450	17,874
Total Deductions	<u>14,450</u>	<u>208,146</u>
Change in Net Position	(6,038)	47,351
Total Net Position - September 1 (Beginning)	49,092	-
Prior Period Adjustment	-	(47,351)
Total Net Position - August 31 (Ending)	<u>\$ 43,054</u>	<u>\$ -</u>

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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Academy Independent School District have been prepared in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, 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.

A. REPORTING ENTITY

The Board of Trustees (the "Board") consists of seven members and has governance responsibilities over all activities related to public elementary and secondary school education within the Academy Independent School District (the "District"). Board members are elected by the public and have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity". There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. These statements report information on all non-fiduciary activities of the District. The effect of the interfund activity in the government-wide statements eliminates services provided and used in the process of consolidation. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for services by a given function, and 2) grants and contributions, which are restricted to meeting operational requirements of a particular function. Charges for services 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. Grants and contributions 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 revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes and state aid are properly excluded from program revenues and reported as general revenues instead.

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

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental 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.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as do the 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using 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).

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collectible within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. However, unmatured interest and principal on long-term debt are recognized only 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.

Revenues from local sources consist primarily of property taxes. Property tax revenue and revenue 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 revenue is recorded as revenue when received in cash because it is generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant revenues and contributions 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 deferred 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.

Fiduciary funds are used to report on assets held in by the District in trust by others. These funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities and have no equity. Therefore, revenues and expenditures for these funds are not included for general operations of the district.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** – The General Fund is the District’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **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 the Debt Service Fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

3. **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 the capital projects fund.
4. **Special Revenue Fund** – 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.

Fiduciary Funds:

5. **Private Purpose Trust Fund** – 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’s Private Purpose Trust Fund is a Scholarship Fund.
5. **Agency Fund** – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s Agency Funds are Student Activity Accounts.

E. OTHER ACCOUNTING POLICIES

Food Commodities

Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and expenditures are charged and revenue is recognized for an equal amount when received.

Capital Assets

Capital assets which include land, buildings, furniture and equipment are reported in the applicable governmental 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 two years. 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.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

E. OTHER ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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. See schedule below

<u>Assets</u>	<u>Year</u>
Buildings	39
Building Improvements	20
Vehicles	7
Office Equipment	7
Computer Equipment	7

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are 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.

Compensated Absences

Employees are allowed to accrue five days of state personal leave each year without limit. State personal leave does not vest under the District's policy and accordingly, employees can only utilize state personal leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the basic financial statements.

Employees who retire from the District under the requirements of the Texas Teacher Retirement System are reimbursed for the accrued but unused state sick leave and state personal leave accumulated while employed in the District. The rate of payment is the daily rate for the position. Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are required to work each year.

In the event of termination, an employee is reimbursed for any unused accumulated vacation leave. The District has no liability for unused vacation pay since all vacation leave is used or paid if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

E. OTHER ACCOUNTING POLICIES (continued)

Pensions

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

Other Post-Employment Benefits

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District is reporting an item related to TRS which represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net position liability and net OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes their share of the unrecognized TRS plan deferred inflows of resources with TRS uses in calculating the ending net pension liability and net OPEB liability.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance - includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid accounts. It also includes the long-term amount of the loans and notes receivable.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

E. OTHER ACCOUNTING POLICIES (continued)

Fund Balance Classification (continued)

Restricted Fund Balance - includes amounts for which constraints have been placed on the use of the resources (a) either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provision of enabling legislation.

Committed Fund Balance - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board of Trustees remove or change the specified use by taking the same type of action it employed when the funds were initially committed.

Assigned Fund Balance - includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board of Trustees or by other officials to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board of Trustees delegates the responsibility to assign funds to the superintendent or his/her designees.

Unassigned Fund Balance - is the residual classification for the General Fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District will utilize funds in the following spending order: Restricted, Committed, Assigned and Unassigned.

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted - net position is applied.

Program Revenue

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

E. OTHER ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2021 will change.

Data Control Codes

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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-1R provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds and long-term liabilities are not reported in the governmental funds. The details of capital assets and long-term liabilities at the beginning of the year were as follows:

Capital Assets at the Beginning of the year	Historic Cost	Accumulated Depreciation	Net Book Value Beg. of Year	Change in Net Position
Land	\$ 497,060	\$ -	\$ 497,060	
Buildings and improvements	36,255,361	13,090,841	23,164,520	
Furniture and equipment	3,980,391	3,493,871	486,520	
Vehicles	2,016,218	1,633,441	382,777	
Books and media	113,410	-	113,410	
	<u>\$ 42,862,440</u>	<u>\$ 18,218,153</u>	<u>\$ 24,644,287</u>	<u>\$ 24,644,287</u>

Long-term Liabilities at the Beginning of the year	Payable at the Beg. of Year	Change in Net Position
Bonds Payable	\$ 18,225,000	
Premium on Bonds Sold	508,580	
Loans Payable	1,477,148	
Total Liabilities	<u>\$ 20,210,728</u>	<u>\$ 20,210,728</u>

Net Adjustment to Net Position	<u>\$ 4,433,559</u>
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**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-3 provides the reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and reductions in long-term debt in the government-wide statements and this adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Current Year Capital Outlay:</u>			
Land	\$ 1,151,165		
Buildings and Improvements	133,327		
Furniture and Equipment	444,739		
Vehicles	50,831		
Construction in Progress	-		
Total Capital Outlay	<u>\$ 1,780,062</u>	<u>\$ 1,780,062</u>	<u>\$ 1,780,062</u>
<u>Debt Principal Payments</u>			
Loan Payments	\$ 243,418		
Bond Principal	720,000		
Total Principal	<u>\$ 963,418</u>	<u>\$ 963,418</u>	<u>\$ 963,418</u>
Total Adjustment to Net Position			<u><u>\$ 2,743,480</u></u>

Another element of the reconciliation on Exhibit C-3 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Deferred Revenue:</u>			
Taxes Collected from Prior Years	\$ 48,784	\$ (48,784)	\$ -
Uncollected taxes (assumed collectible) from Current Year Levy	89,806	89,806	89,806
Uncollected taxes (assumed collectible) from Prior Year Levy	57,009	-	57,009
Difference between Prior Estimated Delinquent Taxes Collectable and Actual Collection Rate	357,395	373,093	(15,698)
<u>Adjustments to Short-term liabilities</u>			
Interest Payable	33,922	(33,922)	(33,922)
Compensated Absences	82,967	(82,967)	(82,967)
<u>Adjustments to Long-term liabilities</u>			
Premium on Bonds	52,631	52,631	52,631
		<u><u>\$ 349,857</u></u>	<u><u>\$ 66,859</u></u>

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

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.

District Policies and Legal and Contractual Provisions Governing Investments

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; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Academy Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2021, Academy Independent School District had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Certificates of Deposit	\$ 431,208	\$ 431,208	\$ -	\$ -	\$ -
TexPool	2,529,520	2,529,520	-	-	-
TexStar	52,007,883	52,007,883	-	-	-
Total	\$ 54,968,611	\$ 54,968,611	\$ -	\$ -	\$ -

Additional policies and contractual provisions governing deposits and investments for Academy 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 certificates of deposits which are covered by pledged securities.

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.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

A. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires investments to have maturities of one year or less. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

B. PROPERTY TAXES

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.

C. DELINQUENT TAXES RECEIVABLE

Allowance for uncollectible tax receivables is 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. There is no allowance for uncollectible tax receivables at August 31, 2021.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

D. INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables primarily occur between the General Fund and Special Revenue Funds. Special Revenue Funds often incur expenditures prior a reimbursement is received from the granting agency. Interfund balances at August 31, 2021, were as follows:

Fund	Due to	Due from
General Fund		
Special Revenue Funds	\$ 9,166	\$ 63,436
Debt Service Fund	11,416	10,000
Capital Projects Fund	-	209,537
Trust and Agency Fund	-	2,186
	20,582	285,159
Special Revenue Funds		
General Fund	63,436	9,166
Special Revenue Fund	32,028	32,028
	95,464	41,194
Debt Service Fund		
General Fund	10,000	11,416
Capital Projects Fund		
General Fund	209,537	-
Trust and Agency Fund		
General Fund	2,186	-
	\$ 337,769	\$ 337,769

Interfund transfer primarily occur with the General Fund making a transfer to another fund that is operating at a deficiency. Interfund transfer during the year ended August 31, 2021, were as follows:

Fund	Transfers in	Transfers out
General Fund	\$ -	\$ (3,046)
National Breakfast and Lunch Program	3,046	-
	\$ 3,046	\$ (3,046)

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2021, were as follows:

	Property Taxes	Other Governments	Other	Total Receivables
Governmental Activities:				
General Fund	\$ 107,175	\$ 297,186	\$ -	\$ 404,361
Debt Service Fund	39,640	3,212	501	43,353
Other Governmental Funds	-	137,769	18,750.00	156,519
Total-Governmental Activities	\$ 146,815	\$ 438,167	\$ 19,251	\$ 604,233

Payables at August 31, 2021, were as follows:

	Accounts Payable	Salaries and Benefits	Due to Other Governments	Other	Total Payables
Governmental Activities:					
General Fund	\$ 67,414	\$ 803,868	\$ -	\$ 17,444	\$ 888,726
Debt Service Fund	500	-	-	-	500
Other Governmental Funds	17,951	105,596	1,134	6,186	130,867
Total-Governmental Activities	\$ 85,865	\$ 909,464	\$ 1,134	\$ 23,630	\$ 1,020,093
Amounts not scheduled for payment during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

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

	Balance 8/31/2020	Additions	Retirements	Reclassifications	Balance 8/31/2021
Governmental Activities:					
Land	\$ 497,060	\$ 1,151,165	\$ -	\$ -	\$ 1,648,225
Buildings and improvements	36,255,362	133,327	-	-	36,388,689
Furniture and equipment	3,980,392	444,739	-	-	4,425,131
Vehicles	2,016,218	155,377	-	-	2,171,595
Books and media	113,410	-	-	-	113,410
Construction in Progress	-	-	-	-	-
Total at historical cost	42,862,442	1,884,608	-	-	44,747,050
Less accumulated depreciation for:					
Buildings and improvements	(13,090,841)	(1,127,583)	-	-	(14,218,424)
Furniture and equipment	(3,493,871)	(157,462)	-	-	(3,651,333)
Vehicles	(1,633,441)	(102,618)	-	-	(1,736,059)
Total accumulated depreciation	(18,218,153)	(1,387,663)	-	-	(19,605,816)
Governmental Activities: Capital Assets, Net	\$ 24,644,289	\$ 496,945	\$ -	\$ -	\$ 25,141,234

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

F. CAPITAL ASSET ACTIVITY (continued)

Depreciation expense was charged to governmental functions as follows:

Depreciation by Function	Depreciation Expense
11 Instruction	\$ 816,060
12 Instruction Resources and Media Services	18,007
13 Curriculum and Instructional Staff Development	32,167
23 School Leadership	93,323
31 Guidance, Counseling and Evaluation Services	36,282
33 Health Services	16,930
34 Student (Pupil Transportation)	52,844
35 Food Services	57,714
36 Extracurricular Activities	51,502
41 General Administration	55,514
51 Facilities Maintenance and Operations	137,083
52 Security and Monitoring Services	6,870
53 Data Processing Services	13,367
Total	\$ 1,387,663

G. UNEARNED REVENUE

Governmental funds defer revenue recognition in connection with monies that have been received but not yet earned. As of August 31, 2021, the components of unearned revenue reported in the General, Debt Service and Non-Major funds consisted of the following:

	General	Debt Service	Non-Major	Totals
Grants	\$ 75,000	\$ 118,694	\$ 12,303	\$ 205,997
Other	-	-	12,309	12,309
Totals	\$ 75,000	\$ 118,694	\$ 24,612	\$ 218,306

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

H. LONG-TERM LIABILITIES

The District's long-term liabilities consist of bond indebtedness and notes payable. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

Changes in Long-term Liabilities

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

Description	Amounts			Amounts	
	Outstanding 9/1/2020	Additions	Retirements	Outstanding 8/31/2021	Due Within One Year
General Obligation Bonds	\$ 18,225,000	\$ 56,154,994	\$ 17,030,000	\$ 57,349,994	\$ 1,025,000
Bond Premium	508,580	7,042,103	52,631	7,498,052	287,879
Notes Payable	1,477,148	104,546	243,418	1,338,276	213,359
Net Pension Liability	3,899,922	-	310,199	3,589,723	-
Net OPEB Liability	5,089,790	-	902,526	4,187,264	-
Totals	\$ 29,200,440	\$ 63,301,643	\$ 18,538,774	\$ 73,963,309	\$ 1,526,238

Bonds Payable

Bond indebtedness of the District is reflected in the general long-term debt account group. Current requirements for principal and interest expenditures related to bonds are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2021 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 9/1/2020	Issued	Retired	Amounts Outstanding 8/31/21	
Unlimited TaxRefunding Bonds Series 2012	2 - 3%	\$ 5,279,998	\$ 103,381	\$ 3,120,000	\$ -	\$ 3,120,000	\$ -	
Unlimited TaxSchool Build. Bonds Series 2013	2 - 5%	16,985,000	713,778	15,105,000	-	13,910,000	1,195,000	
Unlimited TaxRefunding Bond Series 2021	1 - 4%	13,539,994	85,179	-	13,539,994	-	13,539,994	
Unlimited TaxSchool Build. Bond Series 2021	3 - 5%	42,615,000	-	-	42,615,000	-	42,615,000	
				\$ 902,338	\$ 18,225,000	\$ 56,154,994	\$ 17,030,000	\$ 57,349,994

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

H. LONG-TERM LIABILITIES (continued)

The annual requirements to pay principal and interest on the bond obligations outstanding as of August 31, 2021, are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2022	\$ 1,025,000	\$ 1,712,057	\$ 2,737,057
2023	990,000	1,709,470	2,699,470
2024	1,030,000	1,669,870	2,699,870
2025	1,070,000	1,627,495	2,697,495
2026	1,110,000	1,580,295	2,690,295
2027-2031	5,624,994	9,137,993	14,762,987
2032-2036	9,240,000	6,359,115	15,599,115
2037-2041	10,650,000	4,954,632	15,604,632
2042-2046	12,325,000	3,274,050	15,599,050
2047-2051	14,285,000	1,311,150	15,596,150
	<u>\$ 57,349,994</u>	<u>\$ 33,336,127</u>	<u>\$ 90,686,121</u>

Prior-Year Refunding's

In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

Notes Payable

Note indebtedness of the District is reflected in the following schedule.

A summary of changes in notes payable for the year ended August 31, 2021 is as follows:

Description	Note	Payable	Interest Current Year	Amounts Outstanding 9/1/2020	Issued	Retired	Amounts Outstanding 8/31/21
BB&T Gov. Fin. - Time Warrants	6/30/2016	1.930%	\$ 6,996	\$ 400,000	\$ -	\$ 75,000	\$ 325,000
BancorpSouth - Bus	10/25/2018	3.790%	1,317	31,753	-	34,753	-
Amegy Bank - Tax Notes	3/28/2019	2.400%	22,620	975,000	-	65,000	910,000
BancorpSouth - Bus	10/15/2019	3.790%	2,599	67,395	-	33,060	34,335
BancorpSouth - Bus	8/20/2021	2.590%	226	-	104,546	35,606	68,940
			<u>\$ 33,532</u>	<u>\$ 1,477,148</u>	<u>\$ 104,546</u>	<u>\$ 207,813</u>	<u>\$ 1,269,335</u>

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

H. LONG-TERM LIABILITIES (continued)

The annual requirements to pay principal and interest on the notes payable outstanding as of August 31, 2021, are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2022	\$ 213,359	\$ 29,692	\$ 243,051
2023	179,916	24,372	204,288
2024	150,000	20,293	170,293
2025	150,000	17,080	167,080
2026	155,000	13,620	168,620
2027-2029	490,000	17,760	507,760
	\$ 1,338,275	\$ 122,817	\$ 1,461,092

I. COMMITMENTS UNDER OPERATING LEASES

During the year ended August 31, 2021, the District had no significant commitments under operating leases.

J. ACCUMULATED UNPAID LEAVE BENEFITS

Upon retirement, the District pays accumulated sick leave and personal days obtained while at the District. The employee must have served 10 consecutive years in the District, be in good standing, and retiring through TRS. The District will reimburse for a maximum of 40 days at the employee's daily rate with a maximum payout of \$9,000. As of the fiscal year ending August 31, 2021, the District's potential payout to retirees for unpaid leave was \$82,967.

K. DEFINED BENEFIT PENSION PLAN

Plan Description. Academy Independent School 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 <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

K. DEFINED BENEFIT PENSION PLAN (continued)

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

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute. Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2020 and 2021.

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current fiscal year employer contributions		\$ 332,027
Current fiscal year member contributions		\$ 839,358
2020 measurement year NECE on-behalf contributions		\$ 601,065

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

K. DEFINED BENEFIT PENSION PLAN (continued)

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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, private, local or non-educational and general funds.
- When the employing district is a public junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools and regions education 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.

Actuarial Assumptions. A change was made in the measurement date of the total pension liability for the 2020 measurement year. 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 total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected 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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

K. DEFINED BENEFIT PENSION PLAN (continued)

The actuarial methods and assumptions are based primarily on a study of actual experience for the three year period ending August 31, 2017. For a full year description of these assumptions, please see the TRS CAFR and actuarial valuation report dated November 14, 2019.

Discount Rate. The single discount rate used to measure the total pension liability was 7.25%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates set during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ¹	Real Return Geometric Basis ²	Long-term Expected Portfolio Real Rate of Return*	
Global Equity				
U.S.	18%	3.90%	0.90%	6.4%
Non-U.S. Developed	13%	5.10%	0.92%	6.3%
Emerging Markets	9%	5.60%	0.83%	7.3%
Directional Hedge Funds			1.41%	0.0%
Private Equity	14%	6.70%	-0.05%	8.4%
Stable Value				
Government Bonds	16%	-0.70%		3.1%
Absolute Return	0%	1.80%		
Stable Value Hedge Funds	5%	1.90%	0.11%	4.5%
Real Return				
Real Assets	15%	4.60%	1.02%	8.5%
Energy and Natural Resources	6%	6.00%	0.42%	7.3%
Commodities	0%	0.80%	0.00%	
Risk Parity				
Risk Parity	8%	3.00%	0.30%	5.8%
Asset Allocation Leverage				
Cash	2%	-1.50%	-0.03%	2.5%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%	
Inflation Expectation			2.00%	2.5%
Volatility Drag ³			-0.67%	2.7%
Total	<u>100%</u>		<u>7.33%</u>	

¹ Target allocations are based on the FY 2020 policy model.

² Capital market assumptions come from Aon Hewitt (as of 8/31/2020)

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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

K. DEFINED BENEFIT PENSION PLAN (continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate share of the net pension liability:	\$ 5,535,288	\$ 3,589,723	\$ 2,008,993

Pension Liabilities, Pension Expense, and Deferred Overflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2021, Academy Independent School District reported a liability of \$3,589,723 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Academy Independent School District. The amount recognized by Academy Independent School 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 Academy Independent School District were as follows:

District's proportionate share of the collective net pension liability	\$ 3,589,723
State's proportionate share that is associated with the District	7,802,143
Total	<u>\$ 11,391,866</u>

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

At August 31, 2020 the employer's proportion of the collective net pension liability was 0.0067025005% which was an decrease of 0.000799784% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation — The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

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

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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

K. DEFINED BENEFIT PENSION PLAN (continued)

For the year ended August 31, 2021, the District recognized pension expense of \$1,591,874 and revenue of \$938,425 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 6,555	\$ 100,180
Changes in actuarial assumptions	832,943	354,162
Differences between projected and actual investment earnings	159,913	87,242
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	482,411	293,142
Total as of August 31, 2020 measurement date	\$ 1,481,822	\$ 834,726
Contributions paid to TRS subsequent to the measurement date	331,622	
Total as of August 31, 2021 fiscal year-end	\$ 1,813,444	\$ 834,726

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

Fiscal year ended August 31,	Pension Expense Amount
2022	\$ 228,284
2023	238,846
2024	201,666
2025	64,822
2026	(69,238)
Thereafter	(17,284)

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(1,996,317,932)
Net OPEB Liability	<u>\$ 38,014,515,883</u>
Net Position as percentage of Total OPEB Liability	4.99%

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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

Eligible non-Medicare retirees and their dependents may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Plan Premium Rates				
<i>Effective Jan. 1, 2018 - Dec. 31, 2021</i>				
	Medicare		Non-Medicare	
Retirees*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999
<i>* or surviving spouse</i>				

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2020	2021
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 92,128
Current fiscal year member contributions		\$ 70,854
2020 measurement year NECE on-behalf contributions		\$ 112,499

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (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.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,203 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of 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 used for members of TRS are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

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

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

The initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. There was an initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% 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 claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

Discount Rate. A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.30% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was fixed-income 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” as of August 31, 2020.

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

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
Proportionate share of the net OPEB liability	\$ 5,024,707	\$ 4,187,264	\$ 3,525,804

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$3,420,458	\$4,187,264	\$5,208,541

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2021, the District reported a liability of \$4,187,264 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	\$ 4,187,264
State's proportionate share that is associated with the District	5,626,679
Total	\$ 9,813,943

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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 thru August 31, 2020.

At August 31, 2020, the District's proportion of the collective Net OPEB Liability was 0.0110149084% which was an increase of 0.0002522616% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Percentage of future male retirees assumed to be married and electing coverage for their spouse.
- Percentage of future retirees and future retiree spouses assumed to use tobacco.
- Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The discount rate was changed from 3.96 percent to 2.97 percent as a result of requirements by GASB Statement 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- The only change for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect effective January, 1 2020. They changed from \$6,650 to \$6,750 for individuals and from \$13,300 to \$13,500 for families in order to remain consistent with Internal Revenue Service maximums.
- There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

For the year ended August 31, 2021, the District recognized OPEB expense of \$30,828 and revenue of \$(39,070) 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 actuarial experiences	\$ 219,243	\$ 1,916,306
Changes in actuarial assumptions	258,267	1,149,844
Differences between projected and actual investment earnings	1,446	85
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	888,735	-
Total as of August 31, 2020 measurement date	1,367,691	3,066,235
Contributions paid to TRS subsequent to the measurement date	92,128	
Total as of August 31, 2021 fiscal year-end	<u>\$ 1,459,819</u>	<u>\$ 3,066,235</u>

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (continued)

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:

Fiscal year ended August 31,	OPEB Expense Amount
2022	\$ (302,441)
2023	(302,622)
2024	(302,727)
2025	(302,701)
2026	(190,856)
Thereafter	(297,197)

M. MEDICARE PART D COVERAGE

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries know 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 retire drug subsidy payments from the federal government to offset certain prescription drug expenditure for the 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 \$48,514, \$46,900, and \$33,084, respectively.

N. HEALTH CARE COVERAGE

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan is a premium-based plan. Payments are made on a monthly basis for all covered employees.

O. DEFERRED INFLOWS

Deferred inflows at August 31, 2021 end consisted of the following:

	General	Debt Service	Total
Property Taxes	\$ 107,175	\$ 39,640	\$ 146,815

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

P. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to either partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2021, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	State Entitlements	Federal Grants	Property Tax	Other	Total
General Fund	\$ -	\$ -	\$ 107,175	\$ 297,186	\$ 404,361
Debt Service Fund	-	-	39,640	3,212	42,852
ESEA Title I, Part A	-	21,826	-	-	21,826
IDEA Part B Formula	-	35,851	-	-	35,851
National Breakfast and Lunch Program	-	37,233	-	-	37,233
ESEA Title II, A	-	6,733	-	-	6,733
Esser Relief Fund	-	36,127	-	-	36,127
Carl D. Perkins Basic Formula	-	-	-	-	-
Total Due from Other Governments	\$ -	\$ 137,770	\$ 146,815	\$ 300,398	\$ 584,983

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	National Breakfast and Lunch Program	SSA Belt Co. Coop Fund	Internal Service Fund	Capital Projects	Total
Property Taxes	\$ 5,013,542	\$ 1,661,099	\$ -	\$ -	\$ -	\$ -	\$ 6,674,641
Interest Income	3,698	3,828	-	1,171	-	121	8,818
Tuition and Fees	28,979	-	-	-	-	-	28,979
Food sales	-	-	38,046	-	-	-	38,046
CoCurricular	44,636	-	-	-	-	-	44,636
Alternative Education	-	-	-	375,000	-	-	375,000
Gifts and Bequests	38,608	-	-	-	-	-	38,608
Other	122,620	-	-	-	46,140	-	168,760
	\$ 5,252,083	\$ 1,664,927	\$ 38,046	\$ 376,171	\$ 46,140	\$ 121	\$ 7,377,488

R. SHARED SERVICES ARRANGEMENT

The District is the fiscal agent for the following Shared Services Arrangement (SSA):

Alternative School – This arrangement is to operate alternative education through two programs: the Alternative Education Placement (AEP) program, and the Disciplinary Alternative Educational Placement (DAEP) program. There are five member districts. The member districts provide program funds to the fiscal agent for all services by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District accounted for the activities of the SSA in Fund No. 459. Member districts share equally in the cost of the program.

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

R. SHARED SERVICES ARRANGEMENT (continued)

The District is also a member of the following Shared Services Arrangement (SSA):

Special Education - The District participates in a shared services arrangement for Special Education with four other districts. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Holland Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Academy Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

S. RISK MANAGEMENT

Workers' Compensation Aggregate Deductible

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

Academy Independent School District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of \$128,528,593 for future development on reported claims and claims that have been incurred but not yet reported.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Auto, Liability, and/or Property Programs

During the year ended August 31, 2021, Academy Independent School District participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability
Auto Physical Damage
Legal Liability
Privacy & Information Security
Property

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

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021**

S. RISK MANAGEMENT (continued)

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is acceptance by the Fund's Board of Trustees in February of the following year. The fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website and have been filed with The Texas Department of Insurance in Austin.

Unemployment Compensation Pool

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

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

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available on the TASB Risk Management Fund website and have been files with the Texas Department of Insurance in Austin.

T. SUBSEQUENT EVENTS

During fiscal year 2021, the District approved lease-purchase financing for fiscal year 2022 of 26 buses, resurfacing tennis courts for \$196,000, and bond instruments for \$100,000.

U. PRIOR PERIOD ADJUSTMENTS

In the implementation of GASB Statement No. 84 relating to the presentation of fiduciary activities, the District adjusted the fund balance of the custodial fund as well as the special revenue for campus activities. The beginning balance of the custodial fund was established to be \$47,351, being presented as a prior period adjustment in Exhibit E-2. The beginning balance of the special revenue fund, Campus Activities, was established to be \$16,543, being presented as a prior period adjustment in Exhibit II-2.

REQUIRED SUPPLEMENTARY INFORMATION

ACADEMY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

EXHIBIT G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 5,090,072	\$ 5,413,556	\$ 5,252,083	\$ (161,473)
5800	State program revenues	9,709,928	11,078,631	11,753,644	675,013
5900	Federal program revenues	-	-	179,944	179,944
5020	Total revenues	<u>14,800,000</u>	<u>16,492,188</u>	<u>17,185,671</u>	<u>693,483</u>
EXPENDITURES					
Current:					
0011	Instruction	8,328,445	9,097,891	9,174,848	(76,957)
0012	Instructional resources and media services	200,484	234,549	217,273	17,276
0013	Curriculum and instructional staff development	251,338	287,488	284,139	3,349
0023	School leadership	966,892	1,052,352	1,018,779	33,573
0031	Guidance, counseling, and evaluation services	390,587	427,510	384,357	43,153
0033	Health services	197,983	221,425	202,978	18,447
0034	Student (pupil) transportation	443,676	725,573	620,091	105,482
0035	Food Services	-	-	486	(486)
0036	Extracurricular activities	704,601	762,300	630,468	131,832
0041	General administration	624,205	690,861	682,667	8,194
0051	Facilities maintenance and operations	1,574,480	1,738,329	1,708,771	29,558
0052	Security and monitoring services	91,600	121,600	90,073	31,527
0053	Data processing services	162,952	171,506	167,260	4,246
0071	Principal on long-term debt	277,757	277,757	243,418	34,339
0072	Interest on long-term debt	-	-	33,758	(33,758)
0073	Bond issuance costs and fees	-	-	-	-
0081	Facilities acquisition and construction	150,000	1,301,165	1,292,662	8,503
0093	Payments to fiscal agent/member district of SSA	435,000	465,000	460,212	4,788
6030	Total expenditures	<u>14,800,000</u>	<u>17,575,306</u>	<u>17,212,240</u>	<u>363,066</u>
1100	Excess (deficiency) of revenues over expenditures	-	(1,083,119)	(26,569)	1,056,550
OTHER FINANCING SOURCES (USES) :					
7914	Non-current loan proceeds	-	-	-	-
8911	Transfers out	-	(68,046)	(3,046)	65,000
7080	Total other financing sources and (uses)	-	(68,046)	(3,046)	65,000
1200	Net change in fund balances	-	(1,151,165)	(29,615)	1,121,550
0100	Fund balances--beginning	5,195,671	5,195,671	5,195,671	
3000	Fund balances--ending	<u>\$ 5,195,671</u>	<u>\$ 4,044,506</u>	<u>\$ 5,166,056</u>	<u>\$ 1,121,550</u>

ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

Measurement Year Ended August 31,	2020	2019	2018
District's Proportion of the Net Pension Liability (Asset)	0.0067025005%	0.0075022845%	0.0065308852%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,589,723	\$ 3,899,922	\$ 3,594,758
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	7,802,143	6,741,852	7,511,048
Total	\$ 11,391,866	\$ 10,641,774	\$ 11,105,806
District's Covered Payroll	\$ 9,962,806	\$ 8,999,986	\$ 8,577,722
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	36.03%	43.33%	41.91%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.54%	75.24%	73.74%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	2017	2016	2015	2014
	0.0064004988%	0.0060252989%	0.0057296000%	0.0030006000%
\$	2,046,535	\$ 2,276,871	\$ 2,025,337	\$ 801,502
	4,402,628	5,298,030	4,754,849	4,071,557
\$	6,449,163	\$ 7,574,901	\$ 6,780,186	\$ 4,873,059
\$	8,107,698	\$ 7,574,901	\$ 6,780,186	\$ 4,873,059
	25.24%	30.06%	29.87%	16.45%
	82.17%	78.00%	78.43%	83.25%

**ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021**

Fiscal Year Ended August 31.	2021	2020	2019
Contractually Required Contribution	\$ 331,622	\$ 276,547	\$ 260,628
Contribution in Relation to the Contractually Required Contribution	(331,622)	(276,547)	(260,628)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,900,739	\$ 9,962,806	\$ 8,999,986
Contributions as a percentage of Covered Payroll	3.04%	2.78%	2.90%

Note: Only seven years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2018	2017	2016	2015
\$ 223,345	\$ 209,152	\$ 191,435	\$ 170,117
(220,849)	(209,152)	(191,435)	(170,117)
\$ 2,496	\$ -	\$ -	\$ -
\$ 8,577,722	\$ 8,107,698	\$ 6,974,243	\$ 6,731,201
2.60%	2.58%	2.74%	2.53%

ACADEMY INDEPENDENT SCHOOL DISTRICT **EXHIBIT G-4**
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021

Measurement Year Ended August 31,	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0110149083%	0.0107626468%	0.0096634510%	0.0091407767%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,187,264	\$ 5,089,790	\$ 4,825,050	\$ 3,974,981
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	5,626,679	6,763,189	7,558,802	6,575,185
Total	\$ 9,813,943	\$ 11,852,979	\$ 12,383,852	\$ 10,550,166
District's Covered Payroll	\$ 9,962,806	\$ 8,999,986	\$ 8,577,722	\$ 8,107,698
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	42.03%	56.55%	56.25%	49.03%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2021**

EXHIBIT G-5

Fiscal Year Ended August 31, 2021	2021	2020	2019	2018
Contractually Required Contribution	\$ 92,128	\$ 83,721	\$ 76,011	\$ 66,462
Contribution in Relation to the Contractually Required Contribution	(92,128)	(83,721)	(76,011)	(66,664)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (202)</u>
District's Covered Payroll	\$ 10,900,739	\$ 9,962,806	\$ 8,999,986	\$ 8,577,722
Contributions as a percentage of Covered Payroll	0.85%	0.84%	0.84%	0.77%

Note: Only four years of data is presented in accordance with GASB #75, paragraph 2-45. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

COMBINING STATEMENTS

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

Data Control Codes	211 ESEA I, A Improving Basic Programs	224 IDEA Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	266 ESSER School Emergency Relief Fund	281 ESSER II Coronavirus Relief Supplement	282 ESSER III American Rescue Plan
ASSETS							
1110 Cash and cash equivalents	\$ -	\$ -	\$ 13,120	\$ -	\$ -	\$ -	\$ -
1240 Due from other governments	21,827	35,852	37,228	6,733	3,384	12,000	20,743
1260 Due from other funds	-	-	-	-	-	-	-
1290 Due from other	-	-	-	-	-	-	-
1400 Prepaid Workers Comp	-	-	-	-	-	-	-
1000 Total Assets	<u>\$ 21,827</u>	<u>\$ 35,852</u>	<u>\$ 50,348</u>	<u>\$ 6,733</u>	<u>\$ 3,384</u>	<u>\$ 12,000</u>	<u>\$ 20,743</u>
LIABILITIES							
2110 Accounts payable	\$ -	\$ -	\$ 17,951	\$ -	\$ -	\$ -	\$ -
2160 Accrued wages payable	9,190	32,252	14,430	2,282	-	-	19,595
2170 Due to other funds	10,478	-	-	4,195	3,384	12,000	735
2180 Due to other governments	1,134	-	-	-	-	-	-
2190 Other Receivables	-	-	-	-	-	-	-
2200 Accrued expenditures	1,025	3,600	296	256	-	-	413
2300 Unearned revenue	-	-	12,309	-	-	-	-
2000 Total Liabilities	<u>21,827</u>	<u>35,852</u>	<u>44,986</u>	<u>6,733</u>	<u>3,384</u>	<u>12,000</u>	<u>20,743</u>
FUND BALANCES							
3450 Restricted - Food Service	-	-	5,362	-	-	-	-
3470 Restricted - Capital Projects	-	-	-	-	-	-	-
3510 Committed - Construction	-	-	-	-	-	-	-
3545 Committed - Bell C.o. Coop	-	-	-	-	-	-	-
3600 Unassigned	-	-	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>5,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 21,827</u>	<u>\$ 35,852</u>	<u>\$ 50,348</u>	<u>\$ 6,733</u>	<u>\$ 3,384</u>	<u>\$ 12,000</u>	<u>\$ 20,743</u>

289 ESEA IV, A Subpart I SSAE	331 Carl D. Perkins Basic Formula	397 Advanced Placement Program	410 State Textbook Fund	429 Advanced Placement Incentive Award	459 SSA Bell Co. Coop Fund	461 Internal Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ (3,405)	\$ -	\$ 12,303	\$ -	\$ 287,952	\$ 16,543	\$ 47,302,490	\$ 47,629,003
\$ -	\$ 3,405	\$ -	\$ -	\$ -	\$ 5,759	\$ -	\$ -	\$ 137,767
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,750	\$ -	\$ -	\$ 9,164
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,750
\$ -	\$ -	\$ -	\$ 12,303	\$ -	\$ 312,461	\$ 16,543	\$ 47,302,490	\$ 47,794,684
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,951
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,846	\$ -	\$ -	\$ 105,595
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,645	\$ -	\$ 209,537	\$ 279,974
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,134
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,543	\$ -	\$ 16,543
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 597	\$ -	\$ -	\$ 6,187
\$ -	\$ -	\$ -	\$ 12,303	\$ -	\$ -	\$ -	\$ -	\$ 24,612
\$ -	\$ -	\$ -	\$ 12,303	\$ -	\$ 68,088	\$ 16,543	\$ 209,537	\$ 451,996
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,362
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,092,953	\$ 47,092,953
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,373	\$ -	\$ -	\$ 244,373
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,373	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 12,303	\$ -	\$ 312,461	\$ 16,543	\$ 47,302,490	\$ 47,794,684

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

Data Control Codes	211	224	240	255	266	281
	ESEA I, A Improving Basic Programs	IDEA Part B Formula	National Breakfast and Lunch Program	ESEA II, A Training and Recruiting	ESSIR School Emergency Relief Fund	ESSIR II Coronavirus Relief Supplement
REVENUES						
5700	Local and intermediate sources	\$ -	\$ -	\$ 38,046	\$ -	\$ -
5800	State program revenues	-	-	24,025	-	-
5900	Federal program revenues	115,943	599,234	656,751	26,855	66,233
5020	Total revenues	115,943	599,234	718,822	26,855	66,233
EXPENDITURES						
Current						
0011	Instruction	115,943	599,234	-	26,005	66,233
0013	Curriculum and instructional staff development	-	-	-	-	12,000
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-	-
0033	Health services	-	-	-	850	-
0034	Student Transportation	-	-	-	-	-
0035	Food services	-	-	716,506	-	-
0036	Extracurricular Activities	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
6030	Total expenditures	115,943	599,234	716,506	26,855	66,233
1100	Excess (deficiency) of revenue over expenditures	-	-	2,316	-	-
OTHER FINANCING SOURCES (USES)						
7911	Bond Revenue	-	-	-	-	-
7915	Transfers in	-	-	3,046	-	-
8911	Transfers out	-	-	-	-	-
7080	Total other financing sources and (uses)	-	-	3,046	-	-
1200	Net change in fund balances	-	-	5,362	-	-
0100	Fund balances--beginning	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-
3000	Fund balances--ending	\$ -	\$ -	\$ 5,362	\$ -	\$ -

REQUIRED TEA SCHEDULES

**ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2021**

Last Ten Years Ended August 31	1	2	3	
	Maintenance	Debt Service	Net Assessed/Appraised Value For School Tax Purposes	
2011 and prior years	various	various	\$	various
2012	1.040000	0.134000		245,195,341
2013	1.040000	0.122800		265,011,279
2014	1.040000	0.500000		272,314,038
2015	1.040000	0.441600		299,610,899
2016	1.040000	0.313300		312,677,145
2017	1.040000	0.313300		358,501,815
2018	1.040000	0.313300		386,320,698
2019	1.040000	0.286700		427,266,752
2020	0.970000	0.279500		500,503,401
2021 (School year under audit)	0.874700	0.290100		575,703,726
1000 TOTALS				

10 Beginning Balance 9/1/2020	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2021
1,626	-	111	4	(17)	1,494
194	-	15	2	-	177
441	-	-	-	-	441
134	-	1	-	-	133
3,593	-	12	5	-	3,576
3,891	-	637	192	-	3,062
5,791	-	242	73	(455)	5,021
7,349	-	(850)	(246)	(63)	8,382
15,188	-	2,262	623	(2,548)	9,755
77,257	-	35,478	10,223	(6,588)	24,968
-	6,705,797	4,936,616	1,638,574	(40,813)	89,794
\$ 115,464	\$ 6,705,797	\$ 4,974,524	\$ 1,649,450	\$ (50,484)	\$ 146,803

**ACADEMY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2021**

EXHIBIT J-2

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 220,000	\$ 220,000	\$ 38,046	\$ (181,954)
5800	State program revenues	25,000	45,790	24,025	(21,765)
5900	Federal program revenues	406,579	406,579	656,751	250,172
5020	Total revenues	651,579	672,369	718,822	46,453
EXPENDITURES					
Current:					
0035	Food services	651,579	688,369	716,506	(28,137)
6030	Total expenditures	651,579	688,369	716,506	(28,137)
1100	Excess (deficiency) of revenues over expenditures	-	(16,000)	2,316	18,316
OTHER FINANCING SOURCES (USES):					
7915	Transfers in	-	68,046	3,046	65,000
8911	Transfers out	-	-	-	-
7080	Total other financing sources and (uses)	-	68,046	3,046	65,000
1200	Net change in fund balances	-	52,046	5,362	18,316
0100	Fund balances--beginning	-	-	-	-
3000	Fund balances--ending	\$ -	\$ 52,046	\$ 5,362	\$ 18,316

**ACADEMY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2021**

EXHIBIT J-3

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 1,483,359	\$ 1,483,359	\$ 1,664,927	\$ 181,568
5800	State program revenues	30,441	30,441	225,634	195,193
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>1,513,800</u>	<u>1,513,800</u>	<u>1,890,561</u>	<u>376,761</u>
	EXPENDITURES				
	Debt Service:				
0071	Principal on long-term debt	720,000	1,513,800	720,000	793,800
0072	Interest on long-term debt	793,800	-	763,430	(763,430)
0073	Bond issuance costs and fees	-	-	23,578	(23,578)
6030	Total expenditures	<u>1,513,800</u>	<u>1,513,800</u>	<u>1,507,008</u>	<u>6,792</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	383,553	383,553
	OTHER FINANCING SOURCES (USES) :				
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	383,553	383,553
0100	Fund balances--beginning	1,690,908	1,690,908	1,690,908	
3000	Fund balances--ending	<u>\$ 1,690,908</u>	<u>\$ 1,690,908</u>	<u>\$ 2,074,461</u>	<u>\$ 383,553</u>

FEDERAL AWARDS SECTION

Paul J. Christensen & Associates, LLC

Certified Public Accountants

2110 Austin Avenue
Waco, Texas 76701
(254)752-3436
FAX (254)752-3463
<https://www.waco-cpa.com>

Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Academy Independent School District
Little River-Academy, 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, each major fund, and the aggregate remaining fund information of Academy Independent School District, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Academy Independent School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Academy Independent School 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 determination of financial statement amounts. 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.

Paul J. Christensen & Associates, LLC



Waco, Texas
January 18, 2022

Paul J. Christensen & Associates, LLC

Certified Public Accountants

2110 Austin Avenue
Waco, Texas 76701
(254)752-3436
FAX (254)752-3463
<http://www.waco.cpa.com>

Paul J. Christensen, C.P.A.
Gary L. Sauls, C.P.A.

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

Board of Trustees
Academy Independent School District
Little River-Academy, Texas

Report on Compliance For Each Major Federal Program

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

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

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.

Paul J. Christensen & Associates, LLC



Waco, Texas
January 18, 2022

**ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2021**

Summary of Auditors' Results

Financial Statements:	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No
Federal Awards:	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with <i>Audit Requirements for Federal Awards</i> (Uniform Guidance)?	No
Identification of major programs:	
<u>CFDA Number(s) Name of Federal Program or Cluster</u>	
84.027 Special Education Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

Financial Statement Findings

None

**ACADEMY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021**

EXHIBIT K-1

<u>Federal Grantor/Pass-Through/Program Title</u>	<u>1 Federal CFDA Number</u>	<u>2a Pass-Through Entity Identifying Number</u>	<u>3 Federal Expenditures</u>
U.S. Department of Education:			
<u>Passed-Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A180043	\$ 115,943
IDEA - Part B, Formula	84.027A	I1027A190008	599,234
Total Special Education Cluster			<u>599,234</u>
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	S367A190041	26,855
ESEA, Title IV, Part B, Subpart 2 Royal and Low-Income Program	84.358B	S424A190045	10,000
ESSER Grant	84.425D	S425D200042	66,233
CRRSA ESSER II	84.425D	S425D210042	12,000
ARP ESSER III Grant	84.425U	S425D210042	20,743
Total Passed-Through Texas Education Agency			<u>851,008</u>
Total U.S. Department of Education			<u>851,008</u>
U.S. Department of Agriculture:			
<u>Passed-Through Texas Education Agency</u>			
School Breakfast Program	10.553	202120N109946	150,490
National School Lunch Program	10.555	202120N109946	394,394
Total Passed-Through Texas Education Agency			<u>544,884</u>
<u>Passed-Through Texas Department of Agriculture</u>			
National School Lunch Program			
NSLP - Commodities - Noncash Assistance	10.555		45,743
Total Passed-Through Texas Department of Agriculture			<u>45,743</u>
Total Child Nutrition Cluster			<u>590,627</u>
Total U.S. Department of Agriculture			<u>590,627</u>
Total Expenditures of Federal Awards			<u>\$ 1,441,635</u>

**ACADEMY INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2021**

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Academy Independent School District. The District's reporting entity is defined in Note 1 of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Awards are presented using the modified accrual basis of accounting. The District's significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to sub-recipients.

4. INDIRECT COSTS

The District did not elect to apply the 10% de minimis indirect cost rate.