



**ALAMO HEIGHTS INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021**



INTRODUCTORY SECTION

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2021

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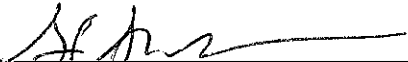
CERTIFICATE OF BOARD

Alamo Heights Independent School District
Name of School District

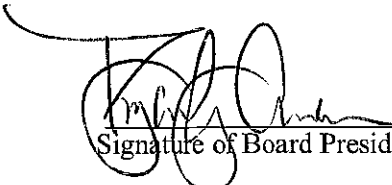
Bexar
County

015-901
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 November, 2021.



Signature of Board Secretary



Signature of Board President



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Alamo Heights Independent School District
San Antonio, TX

Members of the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Alamo Heights Independent School District's 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 did not audit the financial statements of the Alamo Heights School Foundation, which represents the only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Alamo Heights School Foundation, is based solely on the report of the other auditors. 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. The financial statements of Alamo Heights School Foundation were not audited in accordance with *Government Auditing Standards*.

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 District'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 District'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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Alamo Heights Independent School District, as of August 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alamo Heights Independent School District's basic financial statements. The supplementary information (individual budgetary comparison statements and schedule of expenditures of federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*) and other information (schedule of delinquent taxes receivable and schedule of school first indicators) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021 on our consideration of Alamo Heights 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alamo Heights Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

November 1, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Alamo Heights Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the independent auditors' report, and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$4.7 million as a result of this year's operations.
- In the District's business-type activities, revenues increased to \$268 thousand as the natatorium opened.
- Total cost of all of the District's programs increased \$1.8 million. Recapture of excess property taxes to the State increased \$2.8 million. Savings in administrative expenses and interest partially offset this increase.
- The General Fund ended the year with a fund balance of \$21.2 million, an increase of \$4.4 million. The increase was a combination of reimbursements from bond funds for prior real property purchases (\$2.1 million) and expenditures funded through the Elementary and Secondary School Emergency Relief program (\$2.6 million).
- The expenditures for the 2020-2021 school year were \$1.8 million less than budgeted in the General Fund. The net change in fund balance was \$3.9 million better than budgeted.
- The District refunded \$8.87 million in refunding bonds for a net present value savings of \$2.08 million. The District also issued \$19.7 million in bonds to continue the bond projects authorized in 2017.

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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 can be found in the government-wide Statements of Net Position and Activities. Their 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 at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. These statements also include the financials of the Alamo Heights School Foundation, a legally separate entity that exists solely to benefit the District and its constituents.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are 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 revenues), and revenues 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 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, you should consider non-financial factors 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 two kinds of activities:

- **Governmental activities**—Most of the District's basic services are reported here, including the 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.
- **Business-type activities**—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides.

In addition, these statements present financial information for the District's component unit (the Alamo Heights School Foundation) in a separate column. The Foundation is a legally separate entity that exists to raise money in the interest of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements 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 from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds – governmental and proprietary – use different accounting approaches:

- **Governmental funds**—Most of the District's basic services are reported in governmental funds. These use 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 basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the District's governmental activities increased \$4.7 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was a deficit of (\$11.5) million at August 31, 2021 (an improvement from \$19.5 deficit as of August 31, 2020). Adding back the net pension and net other post-employment benefits (and related deferred inflows/outflows) leaves a positive \$15.9 million.

A summarized statement of net position follows:

	August 31, 2021			August 31, 2020
	Governmental Activities	Business-type Activities	Total	Total
Current and Other Assets	\$ 40,627,208	\$ 78,272	\$ 40,705,480	\$ 46,943,818
Capital Assets	184,232,658	-	184,232,658	164,724,537
<i>Total Assets</i>	<u>224,859,866</u>	<u>78,272</u>	<u>224,938,138</u>	<u>211,668,355</u>
<i>Deferred Outflows</i>	<u>7,438,265</u>	<u>-</u>	<u>7,438,265</u>	<u>9,954,371</u>
Current Liabilities	8,439,119	2,163	8,441,282	11,039,535
Long-Term Liabilities	220,482,349	-	220,482,349	214,514,587
<i>Total Liabilities</i>	<u>228,921,468</u>	<u>2,163</u>	<u>228,923,631</u>	<u>225,554,122</u>
<i>Deferred Inflows</i>	<u>14,872,068</u>	<u>-</u>	<u>14,872,068</u>	<u>12,225,053</u>
Net Investment in Capital Assets	3,101,591	-	3,101,591	693,168
Restricted	4,055,676	-	4,055,676	2,550,426
Unrestricted	(18,652,672)	76,109	(18,576,563)	(19,400,043)
<i>Total Net Position</i>	<u>\$ (11,495,405)</u>	<u>\$ 76,109</u>	<u>\$ (11,419,296)</u>	<u>\$ (16,156,449)</u>

The District's total revenues increased \$4.5 million. The increase was a mixture of property taxes and ESSER grant funds. Falling interest rates on deposits and capital expenditures reduced interest income \$1.1 million.

The cost of all governmental activities this year was \$99.4 million compared to \$97.7 million in the prior year. Recapture to the State increased \$2.8 million, meaning all other costs decreased a net \$0.9 million. Across the board raises were not given for the 20-21 school year keeping costs largely flat.

A summarized statement of activities follows:

	2021		2020	
	Governmental Activities	Business-type Activities	Total	Total
<i>Program Revenues:</i>				
Charges for Services	\$ 2,508,140	\$ 138,054	\$ 2,646,194	\$ 3,374,294
Operating Grants & Contributions	6,046,955	-	6,046,955	5,243,806
Capital Grants & Contributions	-	-	-	-
<i>General Revenues:</i>				
Property Taxes	85,932,617	-	85,932,617	83,231,274
General Grants	6,271,541	-	6,271,541	6,372,469
Investment Earnings	176,939	-	176,939	1,283,317
Miscellaneous	3,090,549	-	3,090,549	188,666
<i>Total Revenues</i>	<u>104,026,741</u>	<u>138,054</u>	<u>104,164,795</u>	<u>99,693,826</u>
<i>Expenses</i>				
Instruction	37,307,803	-	37,307,803	36,753,166
Instructional Resources and Media	494,600	-	494,600	513,990
Curriculum and Staff Development	676,308	-	676,308	664,802
Instructional Leadership	1,229,995	-	1,229,995	1,072,899
School Leadership	2,624,782	-	2,624,782	2,677,959
Guidance, Counseling, & Evaluation	1,479,301	-	1,479,301	1,550,116
Social Work Services	205,350	-	205,350	257,017
Health Services	541,352	-	541,352	408,770
Student transportation	1,475,946	-	1,475,946	1,551,984
Food Services	1,181,674	-	1,181,674	1,453,906
Cocurricular/Extracurricular Activities	2,812,312	-	2,812,312	3,266,124
General Administration	2,500,341	-	2,500,341	3,385,273
Plant Maintenance and Operations	5,682,991	-	5,682,991	5,415,237
Security and Monitoring	12,490	-	12,490	27,451
Data Processing Services	1,654,230	-	1,654,230	1,572,553
Community Services	13,221	-	13,221	17,407
Interest on Long-Term Debt	5,169,770	-	5,169,770	5,746,803
Bond Issuance Costs and Fees	352,222	-	352,222	111,559
Facilities Acquisition and Construction	486,193	-	486,193	620,969
Contracted Instructional Services	33,258,428	-	33,258,428	30,501,231
Payments to Juvenile Justice Programs	-	-	-	4,891
Enterprising Activities	-	268,333	268,333	103,200
Transfers	127,376	(127,376)	-	-
<i>Total Expenses</i>	<u>99,286,685</u>	<u>140,957</u>	<u>99,427,642</u>	<u>97,677,307</u>
<i>Increase (Decrease) in Net Position</i>	4,740,056	(2,903)	4,737,153	2,016,519
<i>Beginning Net Position</i>	<u>(16,235,461)</u>	<u>79,012</u>	<u>(16,156,449)</u>	<u>(18,172,968)</u>
<i>Ending Net Position</i>	<u>\$ (11,495,405)</u>	<u>\$ 76,109</u>	<u>\$ (11,419,296)</u>	<u>\$ (16,156,449)</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$30.7 million, which was a decrease of \$4.0 million. The decrease is attributable to the spending on bonds authorized in 2017. The final portion of those bonds were issued in 2020 for \$19.7. Only \$5.5 million remains to be used from those projects. Construction will continue into the 2022 fiscal year.

Over the course of the year, the Board of Trustees revised the District's budget. The General Fund expenditures were \$1.8 million less than the final budgeted appropriations, and the fund balance increased \$3.9 million more than anticipated. Bond funds reimbursed the general fund for prior real property purchases. Otherwise, most functions experienced savings. Revenues exceeded projections \$172 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the District had \$184 million (net) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Voter approved renovations are in process, with significant additions to buildings continuing into 2022. These include the natatorium at the Robbins campus and athletic upgrades at the high school. More information about capital assets can be found in the notes to the financial statements.

Debt

At year-end, the District had \$183 million in bonds outstanding versus \$173 million from the prior year. A refunding bond was issued during the year. In addition, \$19.7 million in bonds were issued to continue the campus renovations authorized in 2017. More detailed information about the district's debt is presented in the notes to the financial statements.

ECONOMIC & AREA FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's 2021-2022 budget projects general fund expenditures will increase \$3.5 million to \$82.2 million. Most of the increase is attributable to anticipated capital outlay for real property (\$2.2 million), which is expected to come from fund balance. The overall tax rate for the district decreased slightly from 1.196 to 1.193. The District has been awarded an additional \$1.6 million from the American Rescue Plan Elementary and Secondary School Emergency Relief program that will be used to help offset costs from the pandemic and implement strategies to reduce learning loss that occurred during the pandemic.

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 Alamo Heights Independent School District, 7101 Broadway, Alamo Heights, Texas 78209.



BASIC FINANCIAL STATEMENTS



ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2021

Data Control Codes		1	2	3	4
		Primary Government			Component
		Governmental Activities	Business-type Activities	Total	Unit AH School Foundation
ASSETS:					
1110	Cash and Cash Equivalents	\$ 29,078,956	\$ 78,272	\$ 29,157,228	\$ 51,207
1120	Current Investments	6,102,043	-	6,102,043	9,625,604
1225	Property Taxes Receivable (Net)	1,764,636	-	1,764,636	-
1240	Due from Other Governments	3,174,324	-	3,174,324	-
1290	Other Receivables (Net)	165,191	-	165,191	13,534
1300	Inventory	127,155	-	127,155	-
1410	Prepaid Expenses	214,903	-	214,903	43,305
<i>Capital Assets:</i>					
1510	Land	5,042,362	-	5,042,362	-
1520	Buildings and Improvements, Net	173,367,258	-	173,367,258	-
1531	Vehicles, Net	359,919	-	359,919	-
1539	Furniture and Equipment, Net	5,463,119	-	5,463,119	-
1000	<i>Total Assets</i>	<u>224,859,866</u>	<u>78,272</u>	<u>224,938,138</u>	<u>9,733,650</u>
DEFERRED OUTFLOWS:					
	Deferred Loss on Debt Refunding	481,412	-	481,412	-
	Deferred Pension Related Outflows	5,151,347	-	5,151,347	-
	Deferred OPEB Related Outflows	1,805,506	-	1,805,506	-
1700	<i>Total Deferred Outflows</i>	<u>7,438,265</u>	<u>-</u>	<u>7,438,265</u>	<u>-</u>
LIABILITIES:					
2110	Accounts Payable	4,763,520	2,163	4,765,683	90,526
2140	Interest Payable	324,752	-	324,752	-
2160	Accrued Wages	2,176,853	-	2,176,853	-
2180	Due to Other Governments	626,509	-	626,509	-
2300	Unearned Revenue	547,485	-	547,485	33,357
<i>Noncurrent Liabilities:</i>					
2501	Due Within One Year	10,763,102	-	10,763,102	-
2502	Due in More Than One Year	183,141,587	-	183,141,587	-
2540	Net Pension Liability	13,158,569	-	13,158,569	-
2545	Net OPEB Liability	13,419,091	-	13,419,091	-
2000	<i>Total Liabilities</i>	<u>228,921,468</u>	<u>2,163</u>	<u>228,923,631</u>	<u>123,883</u>
DEFERRED INFLOWS:					
	Deferred Pension Related Inflows	3,769,210	-	3,769,210	-
	Deferred OPEB Related Inflows	11,102,858	-	11,102,858	-
2600	<i>Total Deferred Inflows</i>	<u>14,872,068</u>	<u>-</u>	<u>14,872,068</u>	<u>-</u>
NET POSITION:					
3200	Net Investment in Capital Assets	3,101,591	-	3,101,591	-
Restricted For:					
3820	State and Federal Programs	109,342	-	109,342	-
3850	Debt Service	1,874,225	-	1,874,225	-
3890	Campus Activities and Donations	2,072,109	-	2,072,109	6,718,427
3900	Unrestricted	(18,652,672)	76,109	(18,576,563)	2,891,340
3000	<i>Total Net Position</i>	<u>\$ (11,495,405)</u>	<u>\$ 76,109</u>	<u>\$ (11,419,296)</u>	<u>\$ 9,609,767</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	1 Functions/Programs	2 Expenses	3 Charges for Services	4 Operating Grants and Contributions	5 Program Revenues Capital Grants and Contributions
PRIMARY GOVERNMENT:					
Governmental Activities:					
11	Instruction	\$ 37,307,803	\$ 823,782	\$ 1,808,863	\$ -
12	Instructional Resources and Media Services	494,600	-	1,091	-
13	Curriculum and Staff Development	676,308	-	100,351	-
21	Instructional Leadership	1,229,995	-	47,927	-
23	School Leadership	2,624,782	-	-	-
31	Guidance, Counseling, & Evaluation Services	1,479,301	-	613,226	-
32	Social Work Services	205,350	-	113,832	-
33	Health Services	541,352	-	646,953	-
34	Student Transportation	1,475,946	-	-	-
35	Food Services	1,181,674	441,321	1,032,728	-
36	Cocurricular/Extracurricular Activities	2,812,312	1,243,037	803,495	-
41	General Administration	2,500,341	-	-	-
51	Plant Maintenance and Operations	5,682,991	-	563,141	-
52	Security and Monitoring	12,490	-	-	-
53	Data Processing Services	1,654,230	-	226,088	-
61	Community Services	13,221	-	5,984	-
72	Interest on Long-Term Debt	5,169,770	-	83,276	-
73	Bond Issuance Costs and Fees	352,222	-	-	-
81	Facilities Acquisition and Construction	486,193	-	-	-
91	Contracted Instructional Services	33,258,428	-	-	-
TG	Total Governmental Activities	<u>99,159,309</u>	<u>2,508,140</u>	<u>6,046,955</u>	<u>-</u>
Business-Type Activities:					
01	Excel After School Program	8,584	5,680	-	-
02	Aquatic Center	164,675	85,514	-	-
03	Tennis Center	95,074	46,860	-	-
TB	Total Business-type Activities	<u>268,333</u>	<u>138,054</u>	<u>-</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 99,427,642</u>	<u>\$ 2,646,194</u>	<u>\$ 6,046,955</u>	<u>\$ -</u>
COMPONENT UNIT:					
1C	Alamo Heights School Foundation	<u>\$ 1,566,012</u>	<u>\$ 82,652</u>	<u>\$ 1,102,355</u>	<u>\$ -</u>
General Revenues:					
MT	Property Taxes, Levied for General Purposes				
DT	Property Taxes, Levied for Debt Service				
IE	Investment Earnings				
GC	Unrestricted Grants and Contributions				
MI	Miscellaneous				
TR	Total General Revenues				
Transfers					
CN	Change in Net Position				
NB	Net Position - Beginning				
NE	Net Position - Ending				

The accompanying notes are an integral part of this statement.

6 7 8 9

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (34,675,158)		\$ (34,675,158)	
(493,509)		(493,509)	
(575,957)		(575,957)	
(1,182,068)		(1,182,068)	
(2,624,782)		(2,624,782)	
(866,075)		(866,075)	
(91,518)		(91,518)	
105,601		105,601	
(1,475,946)		(1,475,946)	
292,375		292,375	
(765,780)		(765,780)	
(2,500,341)		(2,500,341)	
(5,119,850)		(5,119,850)	
(12,490)		(12,490)	
(1,428,142)		(1,428,142)	
(7,237)		(7,237)	
(5,086,494)		(5,086,494)	
(352,222)		(352,222)	
(486,193)		(486,193)	
<u>(33,258,428)</u>		<u>(33,258,428)</u>	
<u>(90,604,214)</u>		<u>(90,604,214)</u>	
	\$ (2,904)	(2,904)	
	(79,161)	(79,161)	
	<u>(48,214)</u>	<u>(48,214)</u>	
	<u>(130,279)</u>	<u>(130,279)</u>	
		<u>(90,734,493)</u>	
			<u>\$ (381,005)</u>
70,111,732	-	70,111,732	-
15,820,885	-	15,820,885	-
176,939	-	176,939	2,580,975
6,271,541	-	6,271,541	-
3,090,549	-	3,090,549	-
<u>95,471,646</u>	<u>-</u>	<u>95,471,646</u>	<u>2,580,975</u>
(127,376)	127,376	-	-
4,740,056	(2,903)	4,737,153	2,199,970
(16,235,461)	79,012	(16,156,449)	7,409,797
<u>\$ (11,495,405)</u>	<u>\$ 76,109</u>	<u>\$ (11,419,296)</u>	<u>\$ 9,609,767</u>

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
AUGUST 31, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds	
ASSETS:						
1110	Cash and Cash Equivalents	\$ 17,727,993	\$ 1,922,211	\$ 9,428,751	\$ -	\$ 29,078,955
1120	Current Investments	6,102,043	-	-	-	6,102,043
1225	Taxes Receivable, Net	1,491,909	272,726	-	-	1,764,635
1240	Due from Other Governments	470,000	-	-	2,704,324	3,174,324
1260	Due from Other Funds	397,827	-	-	-	397,827
1290	Other Receivables	165,191	-	-	-	165,191
1300	Inventory	112,265	-	-	14,889	127,154
1410	Prepaid Items	166,021	-	-	48,882	214,903
1000	<i>Total Assets</i>	<u>\$ 26,633,249</u>	<u>\$ 2,194,937</u>	<u>\$ 9,428,751</u>	<u>\$ 2,768,095</u>	<u>\$ 41,025,032</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
<i>Liabilities:</i>						
2110	Accounts Payable	\$ 611,819	\$ -	\$ 3,962,883	\$ 188,818	\$ 4,763,520
2160	Accrued Wages Payable	2,176,853	-	-	-	2,176,853
2170	Due to Other Funds	-	-	-	397,827	397,827
2180	Due to Other Governments	626,509	-	-	-	626,509
2300	Unearned Revenue	547,485	-	-	-	547,485
2000	<i>Total Liabilities</i>	<u>3,962,666</u>	<u>-</u>	<u>3,962,883</u>	<u>586,645</u>	<u>8,512,194</u>
<i>Deferred Inflows of Resources:</i>						
2600	Unavailable Property Tax Revenue	1,491,910	272,726	-	-	1,764,636
<i>Fund Balance:</i>						
<i>Nonspendable:</i>						
3410	Inventory	112,265	-	-	14,889	127,154
3430	Prepaid Items	166,021	-	-	48,882	214,903
<i>Restricted Fund Balances:</i>						
3450	Federal and State Grants	-	-	-	45,570	45,570
3470	Capital Acquisitions	-	-	5,465,868	-	5,465,868
3480	Retirement of Long-Term Debt	-	1,922,211	-	-	1,922,211
3490	Other Restrictions of Fund Balance	-	-	-	2,072,109	2,072,109
3600	<i>Unassigned</i>	20,900,387	-	-	-	20,900,387
3000	<i>Total Fund Balances</i>	<u>21,178,673</u>	<u>1,922,211</u>	<u>5,465,868</u>	<u>2,181,450</u>	<u>30,748,202</u>
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 26,633,249</u>	<u>\$ 2,194,937</u>	<u>\$ 9,428,751</u>	<u>\$ 2,768,095</u>	<u>\$ 41,025,032</u>

The accompanying notes are an integral part of this statement.

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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 30,748,202
Amounts reported for governmental activities in the Statement of Net Position ("SNA") are different because:	
Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	184,232,658
Long-term liabilities, including bonds payable and unamortized premiums, are not due and payable in the current period and therefore, not reported in the funds.	(193,904,689)
Losses on debt refundings do not consume current financial resources and are not reported in the funds.	481,412
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.	
Net Pension Liability	(13,158,569)
Pension Related Deferred Inflows	(3,769,210)
Pension Related Deferred Outflows	<u>5,151,347</u>
	(11,776,432)
Net OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.	
Net OPEB Liability	(13,419,091)
OPEB Related Deferred Inflows	(11,102,858)
OPEB Related Deferred Outflows	<u>1,805,506</u>
	(22,716,443)
Deferred inflows of resources are not available to pay for current-period expenditures and therefore, are deferred in the funds.	1,764,639
Accrued interest payable on long-term bonds is not due and payable in the current period, and therefore, not reported in the funds.	<u>(324,752)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (11,495,405)</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Functions/Programs	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Nonmajor Governmental Funds	98 Total Governmental Funds
REVENUES:						
5700	Local and Intermediate Sources	\$ 75,559,590	\$ 15,784,451	\$ 47,173	\$ 1,758,059	\$ 93,149,273
5800	State Program Revenues	4,823,578	83,276	-	108,174	5,015,028
5900	Federal Program Revenues	715,276	-	-	4,675,766	5,391,042
5020	<i>Total Revenues</i>	<u>81,098,444</u>	<u>15,867,727</u>	<u>47,173</u>	<u>6,541,999</u>	<u>103,555,343</u>
EXPENDITURES:						
0011	Instruction	27,809,357	-	-	2,453,252	30,262,609
0012	Instructional Resources and Media Services	488,879	-	-	1,480	490,359
0013	Curriculum and Staff Development	535,400	-	-	136,100	671,500
0021	Instructional Leadership	1,155,254	-	-	65,000	1,220,254
0023	School Leadership	2,572,714	-	-	-	2,572,714
0031	Guidance, Counseling, & Evaluation Services	633,241	-	-	831,682	1,464,923
0032	Social Work Services	48,720	-	-	154,383	203,103
0033	Health Services	535,915	-	-	-	535,915
0034	Student Transportation	1,374,553	-	-	-	1,374,553
0035	Food Service	353,412	-	-	828,262	1,181,674
0036	Cocurricular/Extracurricular Activities	1,677,091	-	-	988,444	2,665,535
0041	General Administration	1,967,165	-	-	-	1,967,165
0051	Plant Maintenance and Operations	4,821,883	-	-	763,754	5,585,637
0052	Security and Monitoring	12,490	-	-	-	12,490
0053	Data Processing Services	752,258	-	-	306,630	1,058,888
0061	Community Services	5,105	-	-	8,116	13,221
0071	Principal on Long-Term Debt	-	8,160,000	-	-	8,160,000
0072	Interest on Long-Term Debt	-	6,535,280	-	-	6,535,280
0073	Bond Issuance Costs and Fees	-	199,367	152,855	-	352,222
0081	Facilities Acquisition and Construction	579,627	-	27,569,264	-	28,148,891
0091	Contracted Instructional Services Between Public Schools	33,258,428	-	-	-	33,258,428
6030	<i>Total Expenditures</i>	<u>78,581,492</u>	<u>14,894,647</u>	<u>27,722,119</u>	<u>6,537,103</u>	<u>127,735,361</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,516,952</u>	<u>973,080</u>	<u>(27,674,946)</u>	<u>4,896</u>	<u>(24,180,018)</u>
Other Financing Sources and (Uses)						
7911	Issuance of Bonds	-	8,870,000	19,740,000	-	28,610,000
7915	Transfer In	2,130,000	-	-	75,889	2,205,889
7916	Premium from Bonds	-	2,447,489	412,855	-	2,860,344
8911	Transfer Out	(203,265)	-	(2,130,000)	-	(2,333,265)
8940	Payment to Refunding Escrow Agent	-	(11,114,250)	-	-	(11,114,250)
7080	Total Other Financing Sources and (Uses)	<u>1,926,735</u>	<u>203,239</u>	<u>18,022,855</u>	<u>75,889</u>	<u>20,228,718</u>
1200	Net Change in Fund Balances	4,443,687	1,176,319	(9,652,091)	80,785	(3,951,300)
0100	Fund Balances - Beginning	16,734,986	745,892	15,117,959	2,100,665	34,699,502
3000	Fund Balances - Ending	<u>\$ 21,178,673</u>	<u>\$ 1,922,211</u>	<u>\$ 5,465,868</u>	<u>\$ 2,181,450</u>	<u>\$ 30,748,202</u>

The accompanying notes are an integral part of this statement.

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (3,951,300)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	27,662,698	
Depreciation	<u>(8,154,577)</u>	19,508,121

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. This is the net change in those revenues over the year. 106,328

Governmental funds report required contributions to employee pensions and other post-employment benefits as expenditures. However in the Statement of Activities, the cost of benefits are recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined expenses exceeded the contributions.

Pension	(734,835)	
Retiree Insurance	<u>642,624</u>	(92,211)

The issuance of long-term debt (e.g. bonds & notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position.

Principal Payments	8,160,000	
Issuance of Bonds	(28,610,000)	
Premium on Bonds Issued	(2,860,344)	
Payment to Refunding Escrow Agent	<u>11,114,250</u>	(12,196,094)

Some expenses reported in the Statement of Activities (including accreted and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Accrued Interest	207,788	
Amortization of Book Losses on Debt Refundings	(100,400)	
Amortization of Bond Premiums	<u>1,257,824</u>	<u>1,365,212</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 4,740,056

The accompanying notes are an integral part of this statement.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
AUGUST 31, 2021

	Nonmajor Enterprise Funds
ASSETS:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 78,272
<i>Total Assets</i>	78,272
 LIABILITIES:	
<i>Current Liabilities</i>	
Accounts Payable	2,163
<i>Total Liabilities</i>	2,163
 NET POSITION:	
Unrestricted	76,109
<i>Total Net Position</i>	\$ 76,109

The accompanying notes are an integral part of this statement.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2021

	Nonmajor Enterprise Funds
<i>OPERATING REVENUES:</i>	
Local and Intermediate Sources	\$ 138,054
<i>Total Revenues</i>	138,054
 <i>OPERATING EXPENSES:</i>	
Payroll and Benefits	137,549
Services	101,931
Supplies	28,853
<i>Total Expenses</i>	268,333
 <i>NET OPERATING INCOME</i>	 (130,279)
 <i>TRANSFERS</i>	
Transfers In	127,376
 Change in Net Position	 (2,903)
 Total Net Position - Beginning	 79,012
Total Net Position - Ending	\$ 76,109

The accompanying notes are an integral part of this statement.



ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2021

	Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 138,054
Cash Payments to Employees for Services	(137,549)
Cash Payments to Other Suppliers for Goods and Services	(128,621)
Net Cash Provided (Used) by Operating Activities	(128,116)
 Cash Flows from Noncapital Financing Activities:	
Transfers From Governmental Funds	127,376
 Net Increase (Decrease) in Cash and Cash Equivalents	(740)
 Cash and Cash Equivalents at Beginning of Year	79,012
Cash and Cash Equivalents at End of Year	\$ 78,272
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (130,279)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	2,163
<i>Total Adjustments</i>	2,163
Net Cash Provided (Used) by Operating Activities	\$ (128,116)

The accompanying notes are an integral part of this statement.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 AUGUST 31, 2021

	Custodial Funds
ASSETS:	
Cash and Cash Equivalents	\$ 298,541
<i>Total Assets</i>	<u>298,541</u>
LIABILITIES:	
<i>Current Liabilities</i>	
Accounts Payable	-
<i>Total Liabilities</i>	<u>-</u>
NET POSITION	
<i>Total Net Position</i>	<u>\$ 298,541</u>

The accompanying notes are an integral part of this statement.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2021

	Custodial Funds
Additions :	
Investment Income	\$ 138
Contributions	21,349
Enterprising Revenues	65,502
Total Additions	86,989
 Deductions :	
Services	8,513
Supplies	76,870
Other Operating Costs	5,424
Total Deductions	90,807
 Change in Net Position	 (3,818)
 Net Position - Beginning of Year	 167,484
Prior Period Adjustment for GASB 84	134,875
Net Position - End of Year	\$ 298,541

The accompanying notes are an integral part of this statement.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

A. Summary of Significant Accounting Policies

The basic financial statements of Alamo Heights Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity."

The Alamo Heights School Foundation ("Foundation") is a 501(c)3 nonprofit organization whose purpose is to receive and administer gifts for the Alamo Heights Independent School District. The Foundation is legally separate from the District but solely benefits the District and its constituents. The Foundation is included in the District's financial statements as a discretely presented component unit. Separate financial statements are issued by the Foundation and can be obtained from Alamo Heights School Foundation, P.O Box 171393, San Antonio, TX 78217.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

a. Basis of Presentation (Continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: Is used to account for all funds collected and disbursed in the retirement of governmental debt.

Capital Projects Fund: The District reports proceeds from bond issuances related to capital acquisition in this fund. The related capital acquisitions are also reported in this fund.

The District reports no major enterprise funds.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

2. Basis of Presentation, Basis of Accounting (Continued)

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. Equivalents include checking accounts and local government investment pools.

b. Investments

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

b. Investments (Continued)

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool maintains a consistent net asset value per share that approximates the fair value of the underlying securities. These investments are reported at net asset value.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. 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 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 1 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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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. Taxes Receivable in the governmental funds are stated net of allowance for uncollectible tax receivables in the amount of \$59,120 and \$10,844 for the General and Debt Service Funds, respectively.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

f. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 for individual purchases and \$100,000 for group technology and furniture purchases is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	40
Vehicles	10
Equipment	3-25

g. Deferred inflows and outflows

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

i. Net position - Proprietary Funds and Government-wide Statement of Net position

Net position is classified as follows:

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

i. Net position - Proprietary Funds and Government-wide Statement of Net position (Cont.)

Net Investment in Capital Assets - Represents the balances of capital assets less the outstanding balances of debt related to the acquisition of the capital assets. This amount is separated from unrestricted net position so that the unrestricted classification represents net position more readily available to fund operations.

Unrestricted - Represents the residual net position that is not restricted or capital in nature.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily or permanently restricted net position are reclassified to unrestricted net position.

j. Pensions

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

k. Other Post-Employment Benefits

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 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'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.

l. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

A. Summary of Significant Accounting Policies (Continued)

3. Financial Statement Amounts (Continued)

l. Fund Balances - Governmental Funds (Continued)

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund, conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

m. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

n. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

B. Deposits and Investments

1. Cash Deposits

The District's funds are deposited and invested under the terms of a depository contract which requires the District's agent bank to pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's cash deposits at August 31, 2021 and during the year ended August 31, 2021, were entirely covered by FDIC insurance and pledged collateral. At year end, the District also had certificates of deposit at various institutions that were fully insured by FDIC.

2. Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Weighted Average Maturity (Days)</u>	<u>Reported Value</u>
Local Government Debt Securities	340	\$ 5,367,043
Certificates of Deposit	380	735,000
Total Investments	345	<u>\$ 6,102,043</u>

The certificates of deposit are reported at amortized cost. The debt securities are reported at fair value based on Level 2 inputs.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

B. Deposits and Investments (Continued)

2. Investments (Continued)

The Foundation's investments at August 31, 2021 are shown below.

<u>Investment or Investment Type</u>	<u>Fair Value</u>
Cash Equivalents	\$ 13,439
Equity Securities	<u>9,612,165</u>
Total Investments	<u><u>\$ 9,625,604</u></u>

The Foundation invests in equity securities, which are reported at fair value based on Level 1 inputs.

3. Analysis of Specific Deposit and Investment Risks:

The District has evaluated the following specific investment risks at year end:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

B. Deposits and Investments (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued):

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. The District reports its investments in Pools as cash and cash equivalents. As of August 31, 2021, the District was invested in the following Pools:

<u>Local Government Investment Pool</u>	<u>Rating</u>	<u>Fair Value</u>
Texpool	AAAm	\$ 3,165
Texas TERM - TexasDAILY	AAAm	73
Lone Star	AAAm	9,602
Texas Class	AAAm	28,398,287
Total Investment Pools		<u>\$ 28,411,127</u>

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

C. Capital Assets

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

	Beginning Balances	Increases	Transfers/ Decreases	Ending Balances
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 5,042,362	\$ -	\$ -	\$ 5,042,362
Construction in Progress	41,803,051	-	(41,803,051)	-
<i>Total Capital Assets Not Being Depreciated</i>	<u>46,845,413</u>	<u>-</u>	<u>(41,803,051)</u>	<u>5,042,362</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings and Improvements	185,506,183	25,316,976	41,947,937	252,771,096
Equipment	15,470,211	2,242,970	(3,165,900)	14,547,281
Vehicles	2,211,600	102,752	-	2,314,352
<i>Total Capital Assets Being Depreciated</i>	<u>203,187,994</u>	<u>27,662,698</u>	<u>38,782,037</u>	<u>269,632,729</u>
<i>Less Accumulated Depreciation For:</i>				
Buildings and Improvements	(73,756,636)	(5,700,057)	52,855	(79,403,838)
Equipment	(9,712,577)	(2,339,744)	2,968,159	(9,084,162)
Vehicles	(1,839,657)	(114,776)	-	(1,954,433)
<i>Total Accumulated Depreciation</i>	<u>(85,308,870)</u>	<u>(8,154,577)</u>	<u>3,021,014</u>	<u>(90,442,433)</u>
Total Capital Assets Being Depreciated, Net	<u>117,879,124</u>	<u>19,508,121</u>	<u>41,803,051</u>	<u>179,190,296</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 164,724,537</u>	<u>\$ 19,508,121</u>	<u>\$ -</u>	<u>\$ 184,232,658</u>

Depreciation was charged to functions as follows:

11 Instruction	\$ 6,730,597
23 School Leadership	28,460
34 Student Transportation	87,026
41 General Administration	514,169
36 Cocurricular/Extracurricular Activities	133,785
51 Plant Maintenance and Operations	68,780
53 Data Processing Services	591,760
	<u>\$ 8,154,577</u>

D. Interfund Transactions

During the year ended August 31, 2021, the general fund transferred \$127,376 to nonmajor enterprise funds to supplement other funding sources and \$79,889 to nonmajor governmental funds to supplement child nutrition. In addition, the capital projects fund transferred \$2,130,000 to the general fund. In fiscal year 2020, the general fund purchased real property. The District chose to reimburse the general fund for that purchase from bond proceeds.

Nonmajor governmental funds owed \$397,827 in short-term pooled cash loans as they await for federal grant reimbursements.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

E. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include building and refunding bonds. Changes in long-term obligations for the year ended August 31, 2021, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
<i>Governmental Bonds:</i>					
Private Placement Bonds	\$ 1,320,000	\$ -	\$ (180,000)	\$ 1,140,000	\$ 180,000
Bonds Offered to Public	171,960,000	28,610,000	(18,930,000)	181,640,000	9,225,000
Unamortized Premiums	9,686,417	2,860,644	(1,422,372)	11,124,689	1,358,102
<i>Total Bonds</i>	<u>182,966,417</u>	<u>31,470,644</u>	<u>(20,532,372)</u>	<u>193,904,689</u>	<u>10,763,102</u>
<i>Other Long-term Obligations:</i>					
Net Pension Liability	14,655,618	1,134,650	(2,631,699)	13,158,569	-
Net OPEB Liability	16,892,552	703,543	(4,177,004)	13,419,091	-
<i>Grand Total</i>	<u>\$ 31,548,170</u>	<u>\$ 1,838,193</u>	<u>\$ (6,808,703)</u>	<u>\$ 26,577,660</u>	<u>\$ -</u>

Bonds Sold to the Public have interest rates ranging from 2.0-7.0%.
Direct Placement Bonds have interest rates of 2.96%.

2. Debt Service requirements on bonded debt at August 31, 2021, are as follows:

Year Ending August 31,	Direct Placements		Public Offerings		Total
	Principal	Interest	Principal	Interest	
2022	\$ 180,000	\$ 31,080	\$ 9,225,000	\$ 6,452,894	\$ 15,677,894
2023	185,000	25,678	9,725,000	6,374,919	16,099,919
2024	185,000	20,202	10,180,000	6,312,575	16,492,575
2025	190,000	14,652	10,625,000	5,935,913	16,560,913
2026	200,000	8,880	8,575,000	5,602,093	14,177,093
2027-2031	200,000	2,960	41,320,000	24,141,845	65,461,845
2032-2036	-	-	35,755,000	17,336,088	53,091,088
2037-2041	-	-	39,875,000	9,321,894	49,196,894
2042-2043	-	-	16,360,000	859,081	17,219,081
Totals	<u>\$ 1,140,000</u>	<u>\$ 103,452</u>	<u>\$ 181,640,000</u>	<u>\$ 82,337,302</u>	<u>\$ 263,977,302</u>

3. New Issuances

In December 2020, the District issued \$28.6 million in bonds, of which \$8.87 million were considered refunding. The remaining bonds were the final amount authorized by voters in 2017 for construction projects. The refunding resulted in gross savings of \$2.15 million thousand and net present value savings of \$2.08 million.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

E. Long-Term Obligations (Continued)

4. Other Long-term Debt Disclosures

In accordance with Securities and Exchange Act of 1934 Rule 15c2-12, the District has entered into a continuing disclosure agreement with the Municipal Securities Rulemaking Board. The District has complied with these continuing disclosures.

The District has two bond series that were directly placed at local banking institutions. The bond documents do not contain subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

Advance refundings of debt result in differences between the carrying amount of refunded obligations and the payment to defease the debt. These differences are recorded on the Statement of Net Position and amortized over the life of the shorter of the new or refunded obligations. As of August 31, 2021, the District reported \$481,412 in deferred refunding losses that will be amortized in future periods.

F. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

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

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

F. Pension Plan (Continued)

3. 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.

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

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	Contribution Rates	
	Plan fiscal year	
	2020	2021
Member (Employee)	7.7%	7.7%
Non-employer Contributing Entity (State)	7.5%	7.5%
Employer	7.5%	7.5%

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

F. Pension Plan (Continued)

4. Contributions (Continued)

Member (Employee)	\$	2,619,091
Non-employer contributing agency (State)		1,934,981
District		992,807
		5,546,879
		5,546,879

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

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

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

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

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

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

F. Pension Plan (Continued)

5. Actuarial Assumptions

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
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	2.33% Fidelity 20-Year AA
Last Year in Projection Period	2119
Inflation	2.30%
Salary Increases	3.05-9.05% including inflation
Ad-hoc post-employment benefit changes	none

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

6. Discount Rate

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

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

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.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

F. Pension Plan (Continued)

6. Discount Rate (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Expected Contribution to Portfolio Return</u>
Global Equity			
U.S.	18%	3.9%	0.99%
Non-U.S. Developed	13%	5.1%	0.92%
Emerging Markets	9%	5.6%	0.83%
Private Equity	14%	6.7%	1.41%
Stable Value			
U.S. Treasuries	16%	-0.7%	-0.05%
Stable Value Hedge Funds	5%	1.9%	0.11%
Real Return			
Real Assets	15%	4.6%	1.01%
Energy & Natural Resources	6%	6.0%	0.42%
Risk Parity			
Risk Parity	8%	3.0%	0.30%
Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag			-0.67%
Total	<u>100%</u>		<u>7.32%</u>

7. 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 in measuring the Net Pension Liability.

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	6.250%	7.250%	8.250%
District's proportionate share of the net position liability	\$ 20,290,278	\$ 13,158,569	\$ 7,364,212

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

F. Pension Plan (Continued)

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

At August 31, 2021, the District reported a liability of \$13,158,569 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share	\$ 13,158,569
State's proportionate share	<u>25,117,096</u>
Total	<u>\$ 38,275,665</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 0.0245688388% which was a decrease of 0.0036241904% from its proportion measured as of August 31, 2019.

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

For the year ended August 31, 2021, the District recognized pension expense of \$4.78 million, including \$3.0 million for support provided by the State.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

F. Pension Plan (Continued)

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 24,026	\$ 367,221
Changes of assumptions	3,373,053	1,618,020
Net difference between projected and actual earnings on pension plan investments	266,384	-
Changes in proportion and differences between District contributions and proportionate share of contributions	495,077	1,783,969
District contributions subsequent to the measurement date	992,807	-
Total	\$ 5,151,347	\$ 3,769,210

The \$992,807 in deferred outflows of resources related to pensions from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending August 31,	Pension Expense
2022	\$ 214,714
2023	391,251
2024	379,001
2025	(117,780)
2026	(400,243)
Thereafter	(77,613)
	\$ 389,330

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

G. Other Post-Employment Benefits

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature. The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’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.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

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

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

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

TRS-Care Plan Premium Rates				
	Medicare		TRS-Care 2 Non-medicare	
	Retiree (or Surviving Spouse)	\$	135	\$
Retiree and Spouse		529		689
Retiree and Children		468		408
Retiree and Family		1,020		999

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

G. Other Post-Employment Benefits (Continued)

4. 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 made 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 0.65% 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	
	Years Ending August 31,	
	2020	2021
Member (Employee)	0.65%	0.65%
Non-employer Contributing Entity (State)	1.25%	1.25%
Employer	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

	Contributions Required and Made
Member (Employee)	\$ 221,093
Non-employer contributing agency (State)	360,531
District	270,531
	\$ 852,155

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.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

G. Other Post-Employment Benefits (Continued)

5. Actuarial Assumptions

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
Valuation Date	August 31, 2019, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33%
Aging Factors	Based on plan specific experience
Election Rates	65% participation prior to age 65 40% participation after age 65 25% of pre-65 assumed to discontinue at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

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

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

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

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

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

G. Other Post-Employment Benefits (Continued)

6. Discount Rate

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

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

7. 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 in measuring the Net OPEB Liability.

	1% Decrease in 1.33%	Discount Rate 2.33%	1% Increase in 3.33%
District's Proportionate Share of Net OPEB Liability	\$ 16,102,878	\$ 13,419,091	\$ 11,299,284

8. Healthcare Cost Trend Rates Sensitivity Analysis

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate (8.5%), as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the assumed healthcare cost trend rate.

	1% Decrease	Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	\$ 10,961,678	\$ 13,419,091	\$ 16,692,018

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

At August 31, 2021, the District reported a liability of \$13,419,091 for its proportionate share of the TRS’s net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2021

G. Other Post-Employment Benefits (Continued)

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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 Proportionate Share	\$ 13,419,091
State's Proportionate Share	<u>18,032,041</u>
	<u>\$ 31,451,132</u>

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

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0352999126% which was a decrease of 0.0004203518% 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 the measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the TOL.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the TOL.
- The ultimate health care trend rate assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the TOL.
- There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2021, the District recognized OPEB expense of (\$503,004), including (\$125,208) for support provided by the State.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

G. Other Post-Employment Benefits (Continued)

9. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 702,618	\$ 6,141,262
Changes in actuarial assumptions	827,953	3,685,226
Difference between projected and actual investment earnings	4,361	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	43	1,276,370
Contributions paid to TRS subsequent to the measurement date	270,531	-
	<u>\$ 1,805,506</u>	<u>\$ 11,102,858</u>

The \$270,531 in deferred outflows of resources related to OPEB from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2022. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ending August, 31	OPEB Expense Amount
2022	\$ (1,571,070)
2023	(1,571,653)
2024	(1,571,986)
2025	(1,571,896)
2026	(1,213,472)
Thereafter	(2,067,806)
	<u>\$ (9,567,883)</u>

H. 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 known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020 and 2019, the subsidy payments received by TRS-Care on behalf of the District were \$158,485, \$124,006, and \$99,611, respectively.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

I. Employee Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$373-403 per month per employee to the Plan depending on plan options and dependents covered. Employees, at their option, authorized payroll withholdings to pay the remaining premiums for themselves and dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for the Plan are available for the year ended August 31, 2020, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

J. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchased commercial insurance to insure property and liability.

The District met its statutory workers' compensation obligations through a modified self-funded program. The District (through a third-party administrator) pays all workers' compensation claims up to a maximum stop-loss amount. The stop loss amount for the year ending August 31, 2021 was \$144,051. Actual paid claims for the fiscal years ending August 31, 2021, 2020, and 2019 were \$72,124, \$99,547, and \$222,759, respectively.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired.

2. Litigation

The District is subject to various claims through its normal course of business and employment practices. Management and legal counsel are not aware of any pending or threatened litigation against the District that would have a material financial impact on the District.

3. Commitments

The District has entered into engineering and construction contracts for the bond projects for an estimated total amount of \$61.4 million. As of August 31, 2021, \$58.9 million has been incurred, leaving an estimated amount remaining of \$2.5 million.

In addition, as of August 31, 2021, the District was under contract to purchase a tract of real estate for \$1.58 million. This transaction was executed in September 2021.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2021

L. Adoption of GASB 84

The District implemented Government Accounting Standard Board's Statement 84 as of September 1, 2020. This statement redefined agency funds as custodial funds and changed the recognition of liabilities to outside groups. The adoption resulted in a prior period adjustment to create a beginning net position in the custodial funds relating to the prior agency funds' liability to student groups.

M. Subsequent Event

In October 2021, the Board of Directors approved refunding two bond series for an estimated total of \$23 million. The bonds are expected to be issued in November 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1		2	3	Variance with
		Budgeted Amounts		Final	Actual	Final Budget Positive (Negative)
		Original				
	REVENUES					
5700	Local and Intermediate Sources	\$ 72,845,606	\$ 75,645,606	\$ 75,559,590	\$ (86,016)	
5800	State Program Revenues	3,885,600	4,485,600	4,823,578	337,978	
5900	Federal Program Revenues	795,000	795,000	715,276	(79,724)	
5020	Total Revenues	<u>77,526,206</u>	<u>80,926,206</u>	<u>81,098,444</u>	<u>172,238</u>	
	EXPENDITURES					
0011	Instruction	27,784,888	28,134,688	27,809,357	325,331	
0012	Instructional Resources and Media Services	496,178	511,178	488,879	22,299	
0013	Curriculum and Staff Development	503,707	539,281	535,400	3,881	
0021	Instructional Leadership	953,725	1,178,951	1,155,254	23,697	
0023	School Leadership	2,588,260	2,611,960	2,572,714	39,246	
0031	Guidance, Counseling and Evaluation Services	1,424,220	994,920	633,241	361,679	
0032	Social Work Services	244,159	94,159	48,720	45,439	
0033	Health Services	447,309	537,309	535,915	1,394	
0034	Student (Pupil) Transportation	1,384,406	1,414,406	1,374,553	39,853	
0035	Food Service	550,000	550,000	353,412	196,588	
0036	Cocurricular/Extracurricular Activities	1,383,094	1,690,094	1,677,091	13,003	
0041	General Administration	2,044,412	2,044,412	1,967,165	77,247	
0051	Plant Maintenance and Operations	5,196,468	5,196,468	4,821,883	374,585	
0052	Security and Monitoring	61,800	61,800	12,490	49,310	
0053	Data Processing Services	903,240	803,240	752,258	50,982	
0061	Community Services	6,573	6,573	5,105	1,468	
0081	Facilities Acquisition	-	750,000	579,627	170,373	
0091	Contracted Instr. Services Between Schools	32,664,775	33,264,775	33,258,428	6,347	
0095	Payments for Juvenile Justice Programs	15,000	15,000	-	15,000	
6030	Total Expenditures	<u>78,652,214</u>	<u>80,399,214</u>	<u>78,581,492</u>	<u>1,817,722</u>	
1100	Excesss (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,126,008)</u>	<u>526,992</u>	<u>2,516,952</u>	<u>1,989,960</u>	
	OTHER FINANCING SOURCES (USES)					
7915	Transfer In	-	-	2,130,000	2,130,000	
8911	Transfer Out	-	-	(203,265)	(203,265)	
6030	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,926,735</u>	<u>1,926,735</u>	
1200	Net Change in Fund Balance	(1,126,008)	526,992	4,443,687	3,916,695	
0100	Fund Balance - Beginning	<u>16,734,986</u>	<u>16,734,986</u>	<u>16,734,986</u>	<u>-</u>	
3000	Fund Balance - Ending	<u>\$ 15,608,978</u>	<u>\$ 17,261,978</u>	<u>\$ 21,178,673</u>	<u>\$ 3,916,695</u>	

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2021

BUDGETARY INFORMATION

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The District maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees and as such is a good management control device.

Budgetary preparation and control is exercised at the function level. Actual expenditures may not legally exceed appropriations at the fund level.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 FOR THE PLAN YEAR ENDED AUGUST 31, 2021

Measurement Period Ending August 31,	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportion of Net Pension Liability	Total Net Pension Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net Pension Liability As % of Payroll	Plan Fiducary Net Position As % of Total Pension Liability
2020	0.0245688%	\$ 13,158,569	\$ 25,117,096	\$ 38,275,665	\$ 33,405,157	39.39%	75.54%
2019	0.0281930%	\$ 14,655,618	\$ 22,193,644	\$ 36,849,262	\$ 32,469,898	45.14%	75.24%
2018	0.0292011%	\$ 16,072,991	\$ 25,123,796	\$ 41,196,787	\$ 31,901,086	50.38%	73.74%
2017	0.0297532%	\$ 9,513,478	\$ 15,304,055	\$ 24,817,533	\$ 31,835,826	29.88%	82.17%
2016	0.0280192%	\$ 10,588,028	\$ 18,618,568	\$ 29,206,596	\$ 30,643,407	34.55%	78.00%
2015	0.0299282%	\$ 10,579,220	\$ 18,086,783	\$ 28,666,003	\$ 30,165,207	35.07%	78.43%
2014	0.0227828%	\$ 6,085,601	\$ 15,370,813	\$ 21,456,414	\$ 29,682,297	20.50%	83.25%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. Information is being compiled prospectively until ten years is presented.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

<u>Fiscal Year Ending August 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions Made</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percent Covered Payroll</u>
2021	\$ 992,807	\$ 992,807	\$ -	\$ 34,014,168	2.92%
2020	\$ 979,004	\$ 979,004	\$ -	\$ 33,405,157	2.93%
2019	\$ 981,728	\$ 981,728	\$ -	\$ 32,469,898	3.02%
2018	\$ 986,617	\$ 986,617	\$ -	\$ 31,901,086	3.09%
2017	\$ 975,137	\$ 975,137	\$ -	\$ 31,835,826	3.06%
2016	\$ 890,240	\$ 890,240	\$ -	\$ 30,643,407	2.91%
2015	\$ 886,187	\$ 886,187	\$ -	\$ 30,165,207	2.94%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. Information is being compiled prospectively until ten years is presented.



ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON PENSIONS
AUGUST 31, 2021

The following significant assumptions are used in developing the pension liability:

Valuation Date	August 31, 2019, Rolled forward
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	2.33% Fidelity 20-Year AA
Last Year in Projection Period	2119
Inflation	2.30%
Salary Increases	3.05-9.05% including inflation
Ad-hoc post-employment benefit changes	none

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

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

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 FOR THE PLAN YEAR ENDED AUGUST 31, 2021

Measurement Period Ending August 31,	District's Proportion Of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportion Of Net OPEB Liability	Total Net OPEB Liability	District's Covered Payroll for the Measurement Period	District's Proportionate Share of the Net OPEB Liability As % of Payroll	Plan Fiducary Net Position As % of Total OPEB Liability
2020	0.0352999%	\$ 13,419,091	\$ 18,032,041	\$ 31,451,132	\$ 33,405,157	40.17%	4.99%
2019	0.0357203%	\$ 16,892,552	\$ 22,446,421	\$ 39,338,973	\$ 32,469,898	52.03%	2.66%
2018	0.0367907%	\$ 16,072,991	\$ 25,123,796	\$ 41,196,787	\$ 31,901,086	50.38%	1.57%
2017	0.0380574%	\$ 9,513,478	\$ 15,304,055	\$ 24,817,533	\$ 31,835,826	29.88%	0.91%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. (Amounts are being accumulated until 10 years are presented.)

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS – TEACHER RETIREMENT SYSTEM
 FOR THE FISCAL YEAR ENDED AUGUST 31, 2021

Fiscal Year Ending August 31,	Contractually Required Contribution	Contributions Made	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent Covered Payroll
2021	\$ 270,531	\$ 270,531	\$ -	\$ 34,014,168	0.80%
2020	\$ 274,030	\$ 274,030	\$ -	\$ 33,405,157	0.82%
2019	\$ 253,837	\$ 253,837	\$ -	\$ 32,469,898	0.78%
2018	\$ 248,619	\$ 248,619	\$ -	\$ 31,901,086	0.78%
2017	\$ 197,861	\$ 197,861	\$ -	\$ 31,835,826	0.62%
2016	\$ 176,852	\$ 176,852	\$ -	\$ 30,643,407	0.58%
2015	\$ 174,353	\$ 174,353	\$ -	\$ 30,165,207	0.58%

Note: Amounts presented for each fiscal period were determined as of the year ending August 31 of the previous calendar year. Information is being compiled prospectively until ten years is presented.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON OPEB
 AUGUST 31, 2021

The following significant assumptions are used in developing the pension liability:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
Valuation Date	August 31, 2019, Rolled forward
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33%
Aging Factors	Based on plan specific experience
Election Rates	65% participation prior to age 65 40% participation after age 65 25% of pre-65 assumed to discontinue at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Projected Salary Increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

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

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

There were no changes in benefit terms since the prior measurement date.

SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		1 Budgeted Amounts		3	Variance with Final Budget
		Original	Final	Actual	
	REVENUES				
5700	Local and Intermediate Sources	\$ 657,359	\$ 657,359	\$ 164,602	\$ (492,757)
5800	State Program Revenues	6,000	6,000	6,875	875
5900	Federal Program Revenues	553,741	553,741	415,148	(138,593)
5020	Total Revenues	<u>1,217,100</u>	<u>1,217,100</u>	<u>586,625</u>	<u>(630,475)</u>
	EXPENDITURES				
	<i>Current:</i>				
0035	Food Services	1,206,148	1,206,148	828,262	377,886
6030	Total Expenditures	<u>1,206,148</u>	<u>1,206,148</u>	<u>828,262</u>	<u>377,886</u>
1100	Excesss (Deficiency) of Revenues Over (Under) Expenditures	<u>10,952</u>	<u>10,952</u>	<u>(241,637)</u>	<u>(252,589)</u>
	OTHER FINANCING SOURCES (USES)				
7915	Transfer In	-	-	75,888	75,888
6030	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>75,888</u>	<u>75,888</u>
1200	Net Change in Fund Balance	10,952	10,952	(165,749)	(176,701)
0100	Fund Balance - Beginning	<u>251,597</u>	<u>251,597</u>	<u>251,597</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 262,549</u>	<u>\$ 262,549</u>	<u>\$ 85,848</u>	<u>\$ (176,701)</u>

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes	1 Budgeted Amounts		3	Variance with Final Budget	
	Original	Final	Actual		
	REVENUES				
5700	Local and Intermediate Sources	\$ 15,753,285	\$ 15,753,285	\$ 15,784,451	\$ 31,166
5800	State Program Revenues	76,809	76,809	83,276	6,467
5020	Total Revenues	<u>15,830,094</u>	<u>15,830,094</u>	<u>15,867,727</u>	<u>37,633</u>
	EXPENDITURES				
0071	Principal and Long-Term Debt	7,950,000	8,160,000	8,160,000	-
0072	Interest on Long-Term Debt	7,393,764	7,192,636	6,535,280	657,356
0073	Bond Issuance Costs and Fees	5,000	199,367	199,367	-
6030	Total Expenditures	<u>15,348,764</u>	<u>15,552,003</u>	<u>14,894,647</u>	<u>657,356</u>
1100	Excesss (Deficiency) of Revenues Over (Under) Expenditures	<u>481,330</u>	<u>278,091</u>	<u>973,080</u>	<u>694,989</u>
	OTHER FINANCING SOURCES (USES)				
7911	Issuance of Refunding Bonds	-	8,870,000	8,870,000	-
8911	Premium from Refunding Bonds	-	2,447,489	2,447,489	-
8911	Payment to Refunding Escrow Agent	-	(11,114,250)	(11,114,250)	-
6030	Total Other Financing Sources (Uses)	<u>-</u>	<u>203,239</u>	<u>203,239</u>	<u>-</u>
1200	Net Change in Fund Balance	481,330	481,330	1,176,319	694,989
0100	Fund Balance - Beginning	<u>745,892</u>	<u>745,892</u>	<u>745,892</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ 1,227,222</u>	<u>\$ 1,227,222</u>	<u>\$ 1,922,211</u>	<u>\$ 694,989</u>



OTHER INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements.

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

Year Ended August 31,	Tax Rates		Assessed/Appraised Value for School Tax Purposes*
	Maintenance	Debt Service	
2011 and Prior Years	\$ Various	\$ Various	\$ Various
2012	1.0400	0.1580	5,223,583,114
2013	1.0600	0.1580	5,313,500,497
2014	1.0600	0.1580	5,550,207,567
2015	1.0600	0.1450	5,858,541,056
2016	1.0600	0.1350	6,389,322,301
2017	1.0600	0.1350	6,826,849,870
2018	1.0600	0.1400	7,204,899,055
2019	1.0600	0.1950	7,494,443,838
2020	0.9900	0.2050	7,614,633,410
2021 (School Year Under Audit)	0.9764	0.2200	7,758,625,083

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

*Represents net taxable value before applicable freeze adjustments.

EXHIBIT J-1

10 Beginning Balance 9/1/20	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/21
\$ 178,699	\$ -	\$ 25,374	\$ 3,855	\$ (27,719)	\$ 121,751
47,161	-	4,416	671	-	42,074
61,975	-	4,840	722	-	56,413
83,509	-	10,416	1,553	(158)	71,382
82,220	-	7,133	976	(684)	73,427
86,409	-	9,348	1,191	2,448	78,318
123,143	-	20,386	2,596	3,686	103,847
151,432	-	(21,180)	(2,797)	(51,471)	123,938
196,692	-	(59,118)	(10,876)	(122,882)	143,804
712,600	-	(260,158)	(55,213)	(680,203)	347,768
-	86,410,141	69,992,208	15,774,707	28,651	671,877
<u>\$ 1,723,840</u>	<u>\$ 86,410,141</u>	<u>\$ 69,733,665</u>	<u>\$ 15,717,385</u>	<u>\$ (848,332)</u>	<u>\$ 1,834,599</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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
Alamo Heights Independent School District
San Antonio, TX

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Alamo Heights Independent School District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise Alamo Heights Independent School District's basic financial statements, and have issued our report thereon dated November 1, 2021. Our report includes a reference to other auditors who audited the financial statements of the Alamo Heights School Foundation, as described in our report on Alamo Heights Independent School District's financial statements. The financial statements of Alamo Heights School Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alamo Heights 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 Alamo Heights Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alamo Heights 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 District'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Alamo Heights 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

November 1, 2021



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Trustees
Alamo Heights Independent School District
San Antonio, TX

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alamo Heights Independent School 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 (CFR) 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 Alamo Heights Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

The management of Alamo Heights Independent School 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 Alamo Heights Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures 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 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 Alamo Heights Independent School 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

November 1, 2021

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes 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 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief (ESSER)
84.425U	American Rescue Plan (ESSER)

Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

D. Prior Audit Findings

NONE

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

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Education Service Center Region 20:</i>			
Head Start	93.600	205-663-1-02	\$ 96,565
<i>Passed Through Texas Health and Human Services Commission:</i>			
Medicaid Administrative Claiming	93.778	HHS000537900021	8,107
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>104,672</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Texas Education Agency</i>			
Title I Part A - Improving Basic Programs	84.010A	21610101015901	405,816
IDEA-B Formula*	84.027A	216600010159016600	858,033
IDEA-B Preschool*	84.173A	216610010159016610	19,729
IDEA-B High Cost*	84.027A	66002106	90,670
Carl Perkins - Basic Grant	84.048A	21420006015901	40,617
Title II Part A - Teacher & Principal Training & Recruiting	84.367A	21694501015901	99,267
Title IV Part A - Student Support and Academic Enrichment	84.424A	21680101015901	39,229
Elementary and Secondary School Emergency Relief	84.425D	21521001015901	1,098,688
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	21528001015901	1,465,229
Title III Part A - English Language Acquisition and Enhancement	84.365A	21671001015901	46,778
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>4,164,056</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Bexar County Texas</i>			
Corona Virus Relief Fund	21.019		423
TOTAL U.S. DEPARTMENT OF TREASURY			<u>423</u>
U.S. DEPARTMENT OF DEFENSE			
ROTC	12.000		67,901
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>67,901</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Texas Department of Agriculture:</i>			
National School Lunch*	10.555	71302101	274,598
School Breakfast Program*	10.553	71402101	79,849
Commodities (Non-cash Assistance)*	10.555	015-901	60,702
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>415,149</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,752,201</u>
*Indicates clustered program under OMB Compliance Supplement			
CLUSTER TOTALS			
IDEA-B			\$ 968,432
Child Nutrition			415,149
PROGRAM TOTALS			
National School Lunch	10.555		\$ 335,300
IDEA-B Formula	84.027A		948,703
ESF	84.425		2,563,917

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

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special revenue funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All Federal grant funds were accounted for in the General Fund or Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenue until earned.

3. According to AAG-SLG Appendix D, Questions and Answers, most Medicaid arrangements between states and providers (SHARS) are contracts for services and not Federal assistance; they should not appear on the Schedule of Expenditures of Federal Awards.
4. The District has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.
5. Reconciliation of the Schedule of Expenditures of Federal Awards to Exhibit C-2 is as follows:

Federal Program Revenues and Expenditures:	
General Fund	\$ 715,276
Special Revenue Fund	4,675,766
	5,391,042
Less:	
School Health and Related Services (SHARS)	(638,841)
	\$ 4,752,201
Total per Schedule of Expenditures of Federal Awards (See Exhibit K-1)	\$ 4,752,201

ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2021

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -

