

**Annual
Financial Report**

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

STAFFORD MUNICIPAL SCHOOL DISTRICT

1633 Staffordshire Rd Stafford, Texas 77477

Prepared by the Finance Department:

**Dedrea Norman
Chief Financial Officer**

STAFFORD MUNICIPAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Certificate of Board	i	
Financial Section		
Independent Auditor's Report	1	
Management's Discussion and Analysis	3	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	13	A-1
Statement of Activities	14	B-1
Governmental Funds Financial Statements:		
Balance Sheet	16	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	19	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22	C-4
Proprietary Fund Financial Statements:		
Statement of Net Position	23	D-1
Statement of Revenues, Expenses and Changes in Net Position	24	D-2
Statement of Cash Flows	25	D-3
Fiduciary Fund Financial Statements:		
Statement of Net Position	26	E-1
Statement of Changes in Net Position	27	E-2
Notes to the Financial Statements	28	F-1
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	61	G-1
Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	62	G-2
Schedule of District's Pension Contributions – Teacher Retirement System of Texas	63	G-3
Schedule of District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	64	G-4
Schedule of District's OPEB Contributions – Teacher Retirement System of Texas	65	G-5
Notes to Required Supplementary Information		
Supplementary Information:		
Combining Fund Financial Statements:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	70	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	75	H-2
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable	80	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Breakfast and National School Lunch Program	82	J-2
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	83	J-3

STAFFORD MUNICIPAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Federal Awards Section		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance	89	
Schedule of Findings and Questioned Costs	91	
Schedule of Expenditures of Federal Awards	94	K-1
Notes to Schedule of Expenditures of Federal Awards	96	K-2
Summary Schedule of Prior Audit Findings	97	
Corrective Action Plan	98	

CERTIFICATE OF BOARD

Stafford Municipal School District
Name of School District

Fort Bend
County

079-910
County-District-Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and 6 approved 0 disapproved for the fiscal year ended August 31, 2021 at a meeting of the Board of Trustees of such school district on the 25th day of February, 2022.



Signature of Board Secretary



Signature of Board Vice President

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



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Stafford Municipal School District
Stafford, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements and required Texas Education Agency ("TEA") schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB"); Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Houston, Texas
February 25, 2022

STAFFORD MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Stafford Municipal School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2021.

Financial Highlights

- The assets and deferred outflows of resources of the District were exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by a deficit of \$15,481,724 (*net position*). Of this amount, \$11,999,355 (*unrestricted net position*) was in a deficit due to the recording of other post-employment benefit liabilities.
- The District's total net position decreased by \$4,516,603 from current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18.6 million, a decrease of \$6.5 million mainly due to the use of bond funds for capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6.8 million, or 18 percent of total general fund expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net Position (Exhibit A-1)* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is changing.

The *Statement of Activities (Exhibit B-1)* presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and incurred by unpaid workers' compensation benefits).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, and Other Intergovernmental Charges*.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

STAFFORD MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and ESSER II fund which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation titled total nonmajor funds.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund, and school breakfast and national school lunch fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund, debt service fund and the national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

Proprietary Funds. The District maintains one enterprise fund, which consist of the Daycare Program. Enterprise funds, a type of proprietary fund, are used to report on other activity for which a fee is charged to external users for goods or services. Enterprise funds are included within the business-type activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students. The District's custodial fund is used to account for resources held in a custodial capacity by the District and consists of funds that are the property of students or others. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue fund. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant.

Supplementary and Other Information. The combining fund financial statements and required Texas Education Agency schedules are presented immediately following the required supplementary information.

STAFFORD MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources were exceeded by liabilities and deferred inflows of resources by a deficit of \$15,481,724, a decrease in net position of \$4,516,603 over the preceding year.

Stafford Municipal School District's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 26,137,515	\$ 36,190,222	\$ 21,699	\$ -	\$ 26,159,214	\$ 36,190,222
Capital assets	98,233,956	98,777,540	-	-	98,233,956	98,777,540
Total Assets	124,371,471	134,967,762	21,699	-	124,393,170	134,967,762
Total Deferred Outflows of Resources	9,676,129	9,375,718	-	-	9,676,129	9,375,718
Current liabilities	6,308,917	9,895,427	1,754	-	6,310,671	9,895,427
Noncurrent liabilities	133,720,006	137,834,724	-	-	133,720,006	137,834,724
Total Liabilities	140,028,923	147,730,151	1,754	-	140,030,677	147,730,151
Total Deferred Inflows of Resources	9,520,346	7,578,450	-	-	9,520,346	7,578,450
Net Position						
Net investment in capital assets	(7,453,029)	(5,188,194)	-	-	(7,453,029)	(5,188,194)
Restricted	3,970,660	3,137,552	-	-	3,970,660	3,137,552
Unrestricted	(12,019,300)	(8,914,479)	19,945	-	(11,999,355)	(8,914,479)
Total Net Position	\$ (15,501,669)	\$ (10,965,121)	\$ 19,945	\$ -	\$ (15,481,724)	\$ (10,965,121)

Deficit net investment in capital assets of \$7,453,029 reflects the District's investment of \$98.2 million in capital assets (e.g., land, construction in progress, buildings and improvements, and vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$3,970,660 is restricted for debt service and grants.

The remaining balance, deficit *unrestricted net position* of \$11,999,355, resulted from the implementation of GASB 75 for other post-employment benefits (retiree health care provided through TRS-CARE).

Governmental Activities. Governmental activities decreased the District's deficit net position by \$4,536,548 from current operations.

Business-type Activities. Net position of the District's business-type activities increased by \$19,945 for the year ended August 31, 2021 related to operations of the District's Daycare Program.

STAFFORD MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Stafford Municipal School District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for services	\$ 333,289	\$ 503,729	\$ 41,456	\$ -	\$ 374,745	\$ 503,729
Operating grants and contributions	8,795,622	7,061,189	473	-	8,796,095	7,061,189
General Revenues						
Property taxes:						
Levied for general purpose	27,546,053	25,193,622	-	-	27,546,053	25,193,622
Levied for debt service	7,370,836	7,490,941	-	-	7,370,836	7,490,941
State-aid formula grants	4,395,655	5,108,267	-	-	4,395,655	5,108,267
Interest earnings	19,841	683,325	-	-	19,841	683,325
Other	323,502	472,493	-	-	323,502	472,493
Total Revenues	48,784,798	46,513,566	41,929	-	48,826,727	46,513,566
Expenses						
Instruction	26,549,830	25,119,867	-	-	26,549,830	25,119,867
Instructional resources and media services	318,831	346,869	-	-	318,831	346,869
Curriculum and staff development	745,711	234,791	-	-	745,711	234,791
Instructional leadership	1,641,616	1,173,769	-	-	1,641,616	1,173,769
School leadership	2,773,146	2,485,782	-	-	2,773,146	2,485,782
Guidance, counseling, and evaluation services	1,965,066	1,559,915	-	-	1,965,066	1,559,915
Social work services	28,196	-	-	-	28,196	-
Health services	708,434	361,593	-	-	708,434	361,593
Student transportation	1,314,515	993,605	-	-	1,314,515	993,605
Food services	2,082,866	2,667,155	-	-	2,082,866	2,667,155
Extracurricular activities	1,661,121	1,655,075	-	-	1,661,121	1,655,075
General administration	2,831,647	3,061,127	-	-	2,831,647	3,061,127
Plant maintenance and operations	4,417,282	4,306,926	-	-	4,417,282	4,306,926
Security and monitoring services	739,070	352,933	-	-	739,070	352,933
Data processing services	1,047,502	1,636,097	-	-	1,047,502	1,636,097
Community services	192,937	61,933	-	-	192,937	61,933
Interest on long-term debt	3,986,151	3,632,093	-	-	3,986,151	3,632,093
Issuance costs and fees	4,250	566,334	-	-	4,250	566,334
Facilities repair and maintenance	-	219,499	-	-	-	219,499
Payments related to shared services arrangements	33,900	-	-	-	33,900	-
Other intergovernmental charges	279,275	240,894	-	-	279,275	240,894
Daycare Program	-	-	21,984	-	21,984	-
Total Expenses	53,321,346	50,676,257	21,984	-	53,343,330	50,676,257
Increase (Decrease) in Net Position	(4,536,548)	(4,162,691)	19,945	-	(4,516,603)	(4,162,691)
Beginning Net Position	(10,965,121)	(6,802,430)	-	-	(10,965,121)	(6,802,430)
Ending Net Position	\$ (15,501,669)	\$ (10,965,121)	\$ 19,945	\$ -	\$ (15,481,724)	\$ (10,965,121)

Revenues are generated primarily from two sources. Property taxes, \$34.9 million, represent 72 percent of total revenues, and grants and contributions (program and general revenues totaling \$13.2 million) represent 27 percent of total revenues. The remaining 1 percent is generated from charges for services, investment earnings, and miscellaneous revenues. The increase in revenues is the result of an increase in property taxes, due to an increase in assessed values of taxable property, and an increase in operating grants and contributions, due to an increase in federal funding from pandemic-related grants.

The primary functional expenses of the District are instruction (\$26.5 million), which represents 50 percent of total expenses, plant maintenance and operations (\$4.4 million), which represents 8 percent of total expenses, interest on long-term debt (\$4.0 million), which represents 7 percent of total expenses, and general administration (\$2.8 million), which represents 5 percent of total expenses, and school leadership (\$2.8 million), which represents 5 percent of total expenses. The remaining functional categories of expenses are individually less than 5 percent of total expenses.

STAFFORD MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18.6 million, a decrease of \$6.5 million.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$6.8 million and the total fund balance of the general fund was \$11.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 18 percent of total general fund expenditures, while total fund balance represents 30 percent of that same total. The decrease in the general fund was \$2.4 million mainly from an increase in instructional and plant maintenance and operations expenditures.

The debt service fund has a total fund balance of \$2.9 million, all of which is restricted for the payment of debt service. The net increase in the debt service fund was \$211,610 and was primarily due to an increase from tax collections and refunding issuance.

The capital projects fund has a total fund balance of \$3.6 million, all of which is restricted for capital acquisitions and contractual obligations. The decrease of \$4.9 million from the prior year is the result of capital project activities during the year.

The ESSER II fund had a total revenues and total expenditures that each totaled \$1,983,111. The purpose of this grant was to support LEAs' ability to operate and instruct their students during the COVID-19 pandemic.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The most significant variations in the original budget to the final amended budget of the general fund were increases to the budget of \$0.4 million in instructional leadership, \$0.3 million in school leadership, \$0.3 million for health services, \$0.5 million for plant maintenance and operations, and \$0.8 million for facilities acquisition and construction. The original budget for instruction was decreased by \$0.6 million. Actual results exceeded final amended budget exceeded actual results by \$0.3 million.

Capital Asset and Long-term Liabilities Administration

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2021, amounts to \$98.2 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and vehicles and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was \$0.5 million.

STAFFORD MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Stafford Municipal School District's Capital Assets
(net of depreciation)

	Governmental Activities					
	2021		2020		Increase (Decrease)	
Land	\$ 1,250,000	1%	\$ 1,250,000	1%	\$ -	0%
Construction in progress	4,609,328	5%	52,667,983	53%	(48,058,655)	-91%
Buildings and improvements	91,485,266	93%	43,733,212	44%	47,752,054	109%
Vehicles	623,288	1%	711,589	1%	(88,301)	-12%
Equipment	266,074	0%	414,756	0%	(148,682)	-36%
Totals	\$ 98,233,956	100%	\$ 98,777,540	100%	\$ (543,584)	

Major capital asset additions during the current fiscal year included the following:

- \$4.5 million – Plaza Site Improvement
- \$32.7 million – New Middle School
- \$8.2 million – Administration Building
- \$3.5 million – STEM Magnet School Renovation
- \$1.8 million – Early Childhood Center Renovation
- \$2.7 million – Elementary School Renovation

Additional information on the District's capital assets can be found in notes to the financial statements as noted in the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Stafford Municipal School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2021		2020		Increase (Decrease)	
General obligation bonds	\$ 111,444,938	83%	\$ 114,771,979	83%	\$ (3,327,041)	-3%
Workers' compensation	75,051	0%	75,433	0%	(382)	-1%
Compensated absences	25,430	0%	27,450	0%	(2,020)	-7%
Net pension liability	11,416,168	9%	9,729,213	7%	1,686,955	17%
Net OPEB liability	10,758,419	8%	13,230,649	10%	(2,472,230)	-19%
Totals	\$ 133,720,006	100%	\$ 137,834,724	100%	\$ (4,114,718)	

The District's net bonded debt decreased by \$3,327,041 (3 percent) during the current fiscal year due to the scheduled payment of bond principal.

The District's general obligation debt is backed by the full faith and credit of the District and, when eligible, is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program.

State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval by the Attorney General of the State of Texas is required prior to the sale of bonds

Additional information on the District's long-term debt, net pension liability, and OPEB liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

STAFFORD MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budget and Rates

In preparation of its annual budget, the District's management considers various factors that drive school district's budgets; these include enrollment trends, property values, state funding, facility needs, and the economy.

The COVID-19 pandemic continues to impact all educational institutions in the nation and the District. 2020-2021 was met with new challenges as the reality of student learning loss resulting from the pandemic created increased demands for resources to meet students academic and emotional needs. At the time the District's budget was adopted, neither the duration of the COVID-19 pandemic or the financial impact could be fully measured: hence, the budget assumptions consist of known factors at that time. The 2021-2022 fiscal year budget has been based on the following significant assumptions:

- Average daily attendance totals 2,907 compared to 3,295 from the prior year.
- District staff totals 461 employees, which includes 235 teachers and 40 teachers' aides, 122 auxiliary staff, and 23 administrators.
- The District maintains six (6) campuses for instruction.
- The unemployment rate for Fort Bend County is currently 5.7 percent, which is a decrease from a rate of 7.1 percent a year ago. This is less than the state's average unemployment rate of 5.9 percent, which is a decrease from a rate of 7.6 percent a year ago.
- Property values of the District are projected to increase 8.9% for the 2021-2022 year.
- A maintenance and operations tax rate of \$0.91390 and a debt service tax rate of \$0.25590, a total of \$1.16980 were adopted for 2021-2022. Preceding year rates were \$1.22230 and \$1.25005, respectively.

It is likely, the budget will need to be amended throughout the year to direct resources where appropriate to respond to the COVID-19 pandemic. For fiscal year 2021-2022, the Commissioner of Education and Texas Education Agency (TEA) continued to implement funding measures to support school districts with student learning loss, and to an extent, for shifts in average daily attendance that may be caused by COVID-19.

All of these factors were considered in preparing the District's budget for the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Stafford Municipal School District, 1633 Staffordshire Road, Stafford, Texas 77477.



BASIC FINANCIAL STATEMENTS



STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2021

Exhibit A-1

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and cash equivalents	\$ 22,019,734	\$ -	\$ 22,019,734
1225	Property taxes receivables, net	1,376,527	-	1,376,527
1240	Due from other governments	2,724,414	-	2,724,414
1260	Internal balances	(21,699)	21,699	-
1267	Due from fiduciary funds	2,235	-	2,235
1300	Inventories	21,682	-	21,682
1410	Prepaid items	14,622	-	14,622
	Capital assets not subject to depreciation:			
1510	Land	1,250,000	-	1,250,000
1580	Construction in progress	4,609,328	-	4,609,328
	Capital assets net of depreciation:			
1520	Buildings and improvements, net	91,485,266	-	91,485,266
1530	Furniture and equipment, net	889,362	-	889,362
1000	Total Assets	124,371,471	21,699	124,393,170
Deferred Outflows of Resources				
	Deferred charge on refunding	2,143,569	-	2,143,569
	Deferred outflows - pension	5,396,102	-	5,396,102
	Deferred outflows - OPEB	2,136,458	-	2,136,458
1700	Total Deferred Outflows of Resources	9,676,129	-	9,676,129
Liabilities				
2110	Accounts payable	869,692	1,754	871,446
2140	Interest payable	183,462	-	183,462
2150	Payroll deductions and withholdings	219,710	-	219,710
2160	Accrued wages payable	2,651,763	-	2,651,763
2177	Due to fiduciary funds	1,050	-	1,050
2180	Due to other governments	2,164,285	-	2,164,285
2200	Accrued expenses	56,131	-	56,131
2300	Unearned revenue	162,824	-	162,824
	Noncurrent Liabilities:			
2501	Due within one year	3,005,481	-	3,005,481
2502	Due in more than one year	108,539,938	-	108,539,938
2540	Net pension liability	11,416,168	-	11,416,168
2545	Net OPEB liability	10,758,419	-	10,758,419
2000	Total Liabilities	140,028,923	1,754	140,030,677
Deferred Inflows of Resources				
	Deferred inflows - pension	1,642,425	-	1,642,425
	Deferred inflows - OPEB	7,877,921	-	7,877,921
2600	Total Deferred Inflows of Resources	9,520,346	-	9,520,346
Net Position (Deficit)				
3200	Net investment in capital assets	(7,453,029)	-	(7,453,029)
	Restricted for:			
3820	Federal and state programs	980,976	-	980,976
3850	Debt service	2,989,684	-	2,989,684
3900	Unrestricted	(12,019,300)	19,945	(11,999,355)
3000	Total Net Position (Deficit)	\$ (15,501,669)	\$ 19,945	\$ (15,481,724)

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	Primary Government			
	Governmental Activities:			
11	Instruction	\$ 26,549,830	\$ 114,103	\$ 4,046,284
12	Instructional resources and media services	318,831	-	19,908
13	Curriculum and staff development	745,711	-	258,249
21	Instructional leadership	1,641,616	-	213,674
23	School leadership	2,773,146	-	236,457
31	Guidance, counseling, and evaluation services	1,965,066	-	867,080
32	Social work services	28,196	-	24,748
33	Health services	708,434	-	196,528
34	Student transportation	1,314,515	-	26,910
35	Food service	2,082,866	19,250	2,407,246
36	Extracurricular activities	1,661,121	141,713	50,050
41	General administration	2,831,647	-	193,638
51	Plant maintenance and operations	4,417,282	4,990	64,857
52	Security and monitoring services	739,070	-	58,000
53	Data processing services	1,047,502	-	26,571
61	Community services	192,937	53,233	73,774
72	Interest on long-term debt	3,986,151	-	31,648
73	Bond issuance costs and fees	4,250	-	-
93	Payments related to shared services arrangements	33,900	-	-
99	Other intergovernmental charges	279,275	-	-
TG	Total Governmental Activities	<u>53,321,346</u>	<u>333,289</u>	<u>8,795,622</u>
	Business-Type Activities:			
01	Daycare Program	21,984	41,456	473
TB	Total Business-Type Activities	<u>21,984</u>	<u>41,456</u>	<u>473</u>
TP	Total Primary Government	<u>\$ 53,343,330</u>	<u>\$ 374,745</u>	<u>\$ 8,796,095</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

Exhibit B-1
Page 2 of 2

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
		Governmental Activities	Business- type Activities	Total
	Primary Government			
	Governmental Activities:			
11	Instruction	\$ (22,389,443)	\$ -	\$ (22,389,443)
12	Instructional resources and media services	(298,923)	-	(298,923)
13	Curriculum and staff development	(487,462)	-	(487,462)
21	Instructional leadership	(1,427,942)	-	(1,427,942)
23	School leadership	(2,536,689)	-	(2,536,689)
31	Guidance, counseling, and evaluation services	(1,097,986)	-	(1,097,986)
32	Social work services	(3,448)	-	(3,448)
33	Health services	(511,906)	-	(511,906)
34	Student transportation	(1,287,605)	-	(1,287,605)
35	Food service	343,630	-	343,630
36	Extracurricular activities	(1,469,358)	-	(1,469,358)
41	General administration	(2,638,009)	-	(2,638,009)
51	Plant maintenance and operations	(4,347,435)	-	(4,347,435)
52	Security and monitoring services	(681,070)	-	(681,070)
53	Data processing services	(1,020,931)	-	(1,020,931)
61	Community services	(65,930)	-	(65,930)
72	Interest on long-term debt	(3,954,503)	-	(3,954,503)
73	Bond issuance costs and fees	(4,250)	-	(4,250)
93	Payments related to shared services arrangements	(33,900)	-	(33,900)
99	Other governmental charges	(279,275)	-	(279,275)
TG	Total Governmental Activities	<u>(44,192,435)</u>	<u>-</u>	<u>(44,192,435)</u>
	Business-Type Activities:			
01	Daycare Program	-	19,945	19,945
TB	Total Business-Type Activities	<u>-</u>	<u>19,945</u>	<u>19,945</u>
TP	Total Primary Government	<u>(44,192,435)</u>	<u>19,945</u>	<u>(44,172,490)</u>
	General Revenues:			
	Taxes:			
MT	Property taxes, levied for general purposes	27,546,053	-	27,546,053
DT	Property taxes, levied for debt service	7,370,836	-	7,370,836
SF	State-aid formula grants	4,395,655	-	4,395,655
IE	Investment earnings	19,841	-	19,841
MI	Miscellaneous	323,502	-	323,502
TR	Total General Revenues	<u>39,655,887</u>	<u>-</u>	<u>39,655,887</u>
CN	Change in net position	(4,536,548)	19,945	(4,516,603)
NB	Net Position (Deficit) - Beginning	<u>(10,965,121)</u>	<u>-</u>	<u>(10,965,121)</u>
NE	Net Position (Deficit) - Ending	<u>\$ (15,501,669)</u>	<u>\$ 19,945</u>	<u>\$ (15,481,724)</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2021

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	ESSER II Fund - CRRSA Act
Assets					
1110	Cash and temporary investments	\$ 15,739,184	\$ 2,538,411	\$ 3,176,448	\$ -
	Receivables:				
1220	Property taxes - delinquent	1,136,392	268,228	-	-
1230	Allowance for uncollectible taxes (credit)	(22,728)	(5,365)	-	-
1240	Receivables from other governments	39,653	-	-	1,207,311
1260	Due from other funds	3,669,645	374,821	829,977	-
1290	Other receivables	2,235	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	14,622	-	-	-
1000	Total Assets	\$ 20,579,003	\$ 3,176,095	\$ 4,006,425	\$ 1,207,311
1000A	Total Assets and Deferred Outflows of Resources	\$ 20,579,003	\$ 3,176,095	\$ 4,006,425	\$ 1,207,311
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
2110	Accounts payable	\$ 581,383	\$ -	\$ 230,035	\$ -
2150	Payroll withholdings payable	219,710	-	-	-
2160	Accrued wages payable	2,569,194	-	-	-
2170	Due to other funds	2,803,998	-	162,006	1,207,311
2180	Payable to other governments	2,161,336	2,949	-	-
2190	Due to student groups	1,050	-	-	-
2200	Accrued expenditure	54,396	-	-	-
2300	Unearned revenue	100,262	-	-	-
2000	Total Liabilities	8,491,329	2,949	392,041	1,207,311
Deferred Inflows of Resources:					
	Unavailable revenue - property taxes	1,113,664	262,863	-	-
2600	Total Deferred Inflows of Resources	1,113,664	262,863	-	-
Fund Balances:					
Nonspendable:					
3430	Prepaid items	14,622	-	-	-
Restricted:					
3450	Grant restrictions	-	-	-	-
3470	Capital acquisitions	-	-	3,614,384	-
3480	Debt service	-	2,910,283	-	-
Committed:					
3530	Capital improvements	1,750,000	-	-	-
3540	Self-Insurance	400,000	-	-	-
3545	Other	1,000,000	-	-	-
Assigned:					
3570	Capital expenditures	1,000,000	-	-	-
3600	Unassigned	6,809,388	-	-	-
3000	Total Fund Balances	10,974,010	2,910,283	3,614,384	-
Total Liabilities, Deferred Inflows and Fund Balances					
4000	Balances	\$ 20,579,003	\$ 3,176,095	\$ 4,006,425	\$ 1,207,311

STAFFORD MUNICIPAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2021

Exhibit C-1
Page 2 of 2

Data Control Codes		Total Nonmajor Funds	Total Governmental Funds
Assets			
1110	Cash and temporary investments	\$ 565,691	\$ 22,019,734
	Receivables:		
1220	Property taxes - delinquent	-	1,404,620
1230	Allowance for uncollectible taxes (credit)	-	(28,093)
1240	Receivables from other governments	1,477,450	2,724,414
1260	Due from other funds	1,195,660	6,070,103
1290	Other receivables	-	2,235
1300	Inventories, at cost	21,682	21,682
1410	Prepaid items	-	14,622
1000	Total Assets	\$ 3,260,483	\$ 32,229,317
1000A	Total Assets and Deferred Outflows of Resources	\$ 3,260,483	\$ 32,229,317
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
2110	Accounts payable	\$ 58,274	\$ 869,692
2150	Payroll withholdings payable	-	219,710
2160	Accrued wages payable	82,569	2,651,763
2170	Due to other funds	1,918,487	6,091,802
2180	Payable to other governments	-	2,164,285
2190	Due to student groups	-	1,050
2200	Accrued expenditure	1,735	56,131
2300	Unearned revenue	62,562	162,824
2000	Total Liabilities	2,123,627	12,217,257
Deferred Inflows of Resources:			
	Unavailable revenue - property taxes	-	1,376,527
2600	Total Deferred Inflows of Resources	-	1,376,527
Fund Balances:			
Nonspendable:			
3430	Prepaid items	-	14,622
Restricted:			
3450	Grant restrictions	980,976	980,976
3470	Capital acquisitions	-	3,614,384
3480	Debt service	-	2,910,283
Committed:			
3530	Capital improvements	-	1,750,000
3540	Self-Insurance	-	400,000
3545	Other	155,880	1,155,880
Assigned:			
3570	Capital expenditures	-	1,000,000
3600	Unassigned	-	6,809,388
3000	Total Fund Balances	1,136,856	18,635,533
Total Liabilities, Deferred Inflows and Fund			
4000	Balances	\$ 3,260,483	\$ 32,229,317



STAFFORD MUNICIPAL SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
August 31, 2021

Exhibit C-2

Data Control Codes			
	Total Fund Balance, Governmental Funds		\$ 18,635,533
	Amounts reported for governmental activities in the statement of net position are different because:		
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:		
	Governmental capital assets costs	\$ 183,416,853	
	Accumulated depreciation of governmental capital assets	<u>(85,182,897)</u>	98,233,956
2	Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds.		1,376,527
	Long-term liabilities, including bonds payable, compensated absences, workers' compensation and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:		
3	Bonds payable, at original par	\$ (102,070,000)	
4	Premium on bonds payable	(9,374,938)	
5	Deferred charge on refunding	2,143,569	
6	Accrued interest on the bonds	(183,462)	
7	Compensated absences	(25,430)	
8	Workers' compensation	(75,051)	
9	Net pension liability	(11,416,168)	
10	Net OPEB liability	<u>(10,758,419)</u>	(131,759,899)
11	Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will now be recognized as an outflow of resources (expense/expenditures) until then.		5,396,102
12	Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		(1,642,425)
13	Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.		2,136,458
14	Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.		<u>(7,877,921)</u>
19	Total Net Deficit - Governmental Activities		\$ (15,501,669)

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit C-3

Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	ESSER II Fund - CRRSA Act
Revenues					
5700	Local, intermediate, and out-of-state	\$ 28,128,203	\$ 7,313,288	\$ 9,632	\$ -
5800	State program revenues	6,090,381	31,648	-	-
5900	Federal program revenues	478,994	-	-	1,983,111
5020	Total Revenues	34,697,578	7,344,936	9,632	1,983,111
Expenditures					
Current:					
0011	Instruction	20,053,443	-	-	1,650,429
0012	Instruction resources and media services	263,769	-	-	11,850
0013	Curriculum and instructional staff development	398,199	-	-	-
0021	Instructional leadership	1,267,569	-	-	44,500
0023	School leadership	2,264,528	-	-	89,423
0031	Guidance, counseling and evaluation services	929,231	-	-	101,253
0032	Social work services	-	-	-	-
0033	Health services	593,313	-	-	16,460
0034	Student transportation	912,337	-	-	-
0035	Food services	-	-	-	24,428
0036	Extracurricular activities	1,241,187	-	-	-
0041	General administration	2,119,342	-	-	28,938
0051	Plant maintenance and operations	4,276,043	-	93,897	15,830
0052	Security and monitoring services	530,634	-	-	-
0053	Data processing services	1,036,856	-	-	-
0061	Community services	98,251	-	-	-
Debt Service:					
0071	Principal on long-term debt	-	2,800,000	-	-
0072	Interest on long-term debt	-	4,329,076	-	-
0073	Issuance costs and fees	-	4,250	-	-
Capital Outlay:					
0081	Facilities acquisition and construction	764,384	-	4,770,970	-
Intergovernmental:					
0093	Payments related to shared services arrangements	33,900	-	-	-
0099	Other intergovernmental charges	279,275	-	-	-
6030	Total Expenditures	37,062,261	7,133,326	4,864,867	1,983,111
1200	Net change in fund balances	(2,364,683)	211,610	(4,855,235)	-
0100	Fund Balance - September 1 (Beginning)	13,338,693	2,698,673	8,469,619	-
3000	Fund Balance - August 31 (Ending)	\$ 10,974,010	\$ 2,910,283	\$ 3,614,384	\$ -

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2021

Exhibit C-3

Page 2 of 2

Data Control Codes		Total Nonmajor Funds	Total Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 122,449	\$ 35,573,572
5800	State program revenues	405,161	6,527,190
5900	Federal program revenues	4,126,100	6,588,205
5020	Total Revenues	4,653,710	48,688,967
Expenditures			
Current:			
0011	Instruction	1,018,998	22,722,870
0012	Instruction resources and media services	-	275,619
0013	Curriculum and instructional staff development	250,008	648,207
0021	Instructional leadership	95,880	1,407,949
0023	School leadership	23,480	2,377,431
0031	Guidance, counseling and evaluation services	642,212	1,672,696
0032	Social work services	24,555	24,555
0033	Health services	-	609,773
0034	Student transportation	-	912,337
0035	Food services	1,851,857	1,876,285
0036	Extracurricular activities	77,247	1,318,434
0041	General administration	6,410	2,154,690
0051	Plant maintenance and operations	20,392	4,406,162
0052	Security and monitoring services	58,000	588,634
0053	Data processing services	-	1,036,856
0061	Community services	71,450	169,701
Debt Service:			
0071	Principal on long-term debt	-	2,800,000
0072	Interest on long-term debt	-	4,329,076
0073	Issuance costs and fees	-	4,250
Capital Outlay:			
0081	Facilities acquisition and construction	-	5,535,354
Intergovernmental:			
0093	Payments related to shared services arrangements	-	33,900
0099	Other intergovernmental charges	-	279,275
6030	Total Expenditures	4,140,489	55,184,054
1200	Net change in fund balances	513,221	(6,495,087)
0100	Fund Balance - September 1 (Beginning)	623,635	25,130,620
3000	Fund Balance - August 31 (Ending)	\$ 1,136,856	\$ 18,635,533

STAFFORD MUNICIPAL SCHOOL DISTRICT
Exhibit C-4
**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**

Data Control Codes			
	Net change in fund balances - total governmental funds (from C-3)		\$ (6,495,087)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:		
1	Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
	Capital assets increased	\$ 5,767,359	
	Depreciation expense	<u>(6,310,943)</u>	(543,584)
2	Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		19,949
3	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,800,000
4	Payment to escrow agent to refund bonds from refunding proceeds.		
5	Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in such items consist of the following:		
	Accrued interest on current interest bonds payable (increased) decreased	\$ 8,941	
	Amortization of bond premium	527,041	
	Amortization of deferred charge on refunding	<u>(193,057)</u>	342,925
6	The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as income (expenditures) in the governmental funds.		2,020
7	The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		382
8	The net change in net pension liability, deferred outflows, and deferred inflows are reported in the statement of activities but does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net change consists of the following:		
	Deferred outflows increased (decreased)	\$ 504,391	
	Deferred inflows (increased) decreased	212,250	
	Net pension liability (increased) decreased	<u>(1,686,955)</u>	(970,314)
9	The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
	Deferred outflows increased (decreased)	\$ (10,923)	
	Deferred inflows (increased) decreased	(2,154,146)	
	Net OPEB liability (increased) decreased	<u>2,472,230</u>	307,161
	Change in Net Position of Governmental Activities (see B-1)		<u>\$ (4,536,548)</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
August 31, 2021

Exhibit D-1

	<u>Business-type Activities Daycare Program</u>
Assets	
Current Assets:	
Receivables:	
Due from other funds	\$ 30,800
Total Assets	<u>30,800</u>
Liabilities	
Current Liabilities:	
Accounts payable	1,754
Due to other funds	9,101
Total Liabilities	<u>10,855</u>
Net Position	
Unrestricted	19,945
Total Net Position	<u>\$ 19,945</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended August 31, 2021

Exhibit D-2

	Business-type Activities
	Daycare Program
Operating Revenues	
Charges for services	\$ 41,456
Total Operating Revenues	41,456
Operating Expenses	
Payroll costs	7,852
Supplies and materials	10,876
Other operating costs	3,256
Total Operating Expenses	21,984
Operating income (loss)	19,472
Nonoperating Revenues (Expenses)	
State program revenue	473
Total Nonoperating Revenues (Expenses)	473
Change in Net Position	19,945
Net Position - September 1 (Beginning)	-
Net Position - August 31 (Ending)	\$ 19,945

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended August 31, 2021

Exhibit D-3

	Business-type Activities
	Daycare Program
Cash Flows from Operating Activities	
Receipts from customers	\$ 41,456
Payments to suppliers for goods and services	(34,077)
Payments to employees	(7,852)
Net Cash Provided By (Used For) Operating Activities	(473)
Cash Flows from Noncapital Financing Activities	
Operating grants received	473
Net Cash Provided By (Used For) Noncapital Financing Activities	473
Net increase (decrease) in cash and cash equivalents	
Cash And Cash Equivalents September 1	-
Cash And Cash Equivalents August 31	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 19,472
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:	
Change in Assets and Liabilities:	
(Increase) decrease in due from other funds	(30,800)
Increase (decrease) in accounts payable	1,754
Increase (decrease) in interfund payables	9,101
Total Adjustments	(19,945)
Net Cash Provided by (Used for) Operating Activities	\$ (473)

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
August 31, 2021

Exhibit E-1

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 79,781
Other receivables	<u>1,050</u>
Total Assets	<u><u>\$ 80,831</u></u>
 Liabilities	
Due to school district	<u>\$ 2,235</u>
Total Liabilities	<u><u>\$ 2,235</u></u>
 Net Position	
Restricted for student activities	<u><u>\$ 78,596</u></u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
For the Year Ended August 31, 2021

Exhibit E-2

	<u>Custodial Fund</u>
Additions	
Contributions:	
Revenues from student activities	\$ 31,021
Investment earnings	<u>22</u>
Total Additions	<u>31,043</u>
 Deductions	
Payments for student activities	<u>42,946</u>
Total Deductions	<u>42,946</u>
 Change in net position	(11,903)
 Net Position Beginning of Year	-
Prior Period Adjustment	<u>90,499</u>
Net Position End of Year	<u><u>\$ 78,596</u></u>

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Stafford Municipal School District (the "District") is governed by a seven-member Board of Trustees (the "Board"), which has governance responsibilities over all activities related to public, elementary and secondary education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters. The District is included in City of Stafford, Texas "reporting entity" as defined by the Government Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity," as amended, and there are no component units included within the reporting entity.

Effective September 1, 2003, Texas Education Code 11.303 was put into law, and it provided for the City Council to participate jointly with the Board for the following actions:

- Hearings and work sessions on the budget and ad valorem tax rate,
- Adopting of annual budget and ad valorem tax rates, and
- Authorization for bonded debt issuance.

The accompanying financial statements present the District.

B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, the proprietary fund and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- The *General fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.
- The *Debt Service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Basis of Presentation – Fund Financial Statements (continued)

- The *Capital Projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.
- The *ESSER II fund - CRRSA Act* accounts for funds granted to LEAs through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) to support LEAs' ability to operate and instruct their students during the COVID-19 pandemic.

The District reports the following nonmajor governmental fund:

- The *Special Revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The District reports the following nonmajor enterprise fund:

- The *Daycare Program fund* accounts for the activities of the District's Daycare Program. This program was created to provide all-day childcare to infants and toddlers ages six (6) months to three (3) years old. The program serves the City of Stafford residents, District personnel, as well as those families in surrounding communities.

Additionally, the District reports the following fund type:

- The *Custodial Fund* accounts for resources held in a custodial capacity by the District and consists of funds that are the property of students or others.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated. Similarly, balances between the funds included in business-type activities (the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and workers' compensation, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

The fiduciary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, bank demand deposits, time deposits with original maturities of one year or less from the date of acquisition, and investments pools.

Investments for the District, except for certain investments pools, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value. Such investments are not required to be reported in the fair value hierarchy.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

3. Capital Assets

Capital assets, which include land, buildings and improvements, vehicles, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The buildings and improvements and vehicles and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	In Years
Buildings and improvements	10 - 30
Vehicles	8 - 9
Furniture and equipment	5 - 15

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

4. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

5. Compensated Absences

On retirement or death of certain employees, the District pays an accrued sick leave and vacation leave in a lump sum payment to such employee or his/her estate. Effective November 19, 2002, and thereafter, an employee who retires in accordance with Teacher Retirement System (TRS) guidelines after 20 or more years of service in the District shall be paid for up to 90 workdays of unused local leave as follows. A professional employee shall be paid at the rate of \$60 per day for each day of unused local leave. A paraprofessional or auxiliary employee shall be paid at the rate of 50% of the daily wage at the time of retirement, not to exceed \$40 per day, for each day of unused local leave.

6. Net Position Flow Assumption

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

7. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

8. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

9. Pension

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

10. Other Postemployment Benefits

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

Note 1 - Summary of Significant Accounting Policies (continued)

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. 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 July 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 collected.

H. Use of Estimates

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

I. Data Control Codes

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

J. Implementation of New Accounting Standards

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

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

The Board of Trustees and City Council adopts an appropriated budget for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund on a basis consistent with GAAP. Budgetary information for the general fund appears in the required supplementary information subsection where the District compares the final amended budget to actual revenues and expenditures

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

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

The appropriated budget is prepared by fund, function and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources requires the approval of the Board and Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2021, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following fund:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	23	\$ 2,174,302	\$ 2,264,528	\$ (90,226)
General Fund	51	4,217,053	4,276,043	(58,990)
School Breakfast and National School Lunch Program Fund	35	\$ 1,835,017	\$ 1,851,857	\$ (16,840)

Note 2. Stewardship, Compliance, and Accountability (continued)

C. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balance, as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

As of August 31, 2021, encumbrances included in governmental fund balances are as follows:

	<u>Restricted Fund Balance</u>
Capital projects fund	\$ 3,509,088
Nonmajor governmental funds	<u>137,520</u>
Total Encumbrances	<u>\$ 3,646,608</u>

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law, and these securities are held for safekeeping and trust with the District's and the depository bank's agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers' acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act; 8) Commercial paper is an authorized investment if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 9) Securities lending program as permitted by Government Code 2256.0115; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

Note 3. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

As of August 31, 2021, the District had the following cash and cash equivalents, weighted average maturity and credit risk of such items as follows:

Primary Government Investment Type	August 31, 2021	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools:				
TexPool Local Government Investment Pool	\$ 12,041,484	66%	31	AAAm
TexSTAR	2,625,430	14%	52	AAAm
Lone Star Government Overnight Fund	1,522	0%	45	AAAm
Investments measured at fair value				
Investment pools:				
LOGIC	3,693,283	20%	57	AAAm
Total	18,361,719	100%		
Portfolio weighted average maturity			39	
Cash and checking accounts	3,658,015	N/A	N/A	
Total Cash and Cash Equivalents	\$ 22,019,734			

Fiduciary Fund Investment Type	August 31, 2021	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools:				
TexPool Local Government Investment Pool	\$ 27,979	100%	31	AAAm
Total	27,979	100%		
Portfolio weighted average maturity			31	
Cash and checking accounts	51,802	N/A	N/A	
Total Cash and Cash Equivalents	\$ 79,781			

The TexPool, TexSTAR, and Lone Star Government Overnight investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with on issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Such pools have a redemption notice period of one day and no maximum transactions amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Note 3. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Investments (continued)

The LOGIC investment pool is an external investment pool measured at its net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pool. LOGIC has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity.

Credit Risk

For fiscal year 2021, the District invested in TexPool, Lone Star, TexSTAR, and LOGIC. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly the Texas Association of School Boards Financial Services. TexSTAR and LOGIC are administered by First Southwest, Asset Management, Inc. and JP Morgan Chase. The credit rating for investments is noted in the preceding table.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investment not to exceed one year, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2021, District's deposits were not exposed to custodial credit risk because such balances were insured and collateralized with securities held by the District's agent and in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Note 3. Detailed Notes on All Funds (continued)

B. Receivables

Tax revenues of the general and debt service funds are reported net of estimated uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	\$ 804
Change in uncollectibles related to debt service property taxes	(1,212)
Total change in uncollectibles of the current fiscal year	\$ (408)

Approximately 79% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables, and Transfers

Receivables/Payables

The composition of interfund balances as of August 31, 2021 is as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental funds:		
General fund	\$ 3,669,645	\$ 2,803,998
Debt service fund	374,821	-
Capital projects fund	829,977	162,006
ESSER II fund	-	1,207,311
Other governmental funds - nonmajor	1,195,660	1,918,487
Proprietary funds:		
Enterprise fund	30,800	9,101
Totals	\$ 6,100,903	\$ 6,100,903

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

Transfers

Interfund transfers are defined as “flows of assets from one fund to another fund without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund to finance various programs accounted for in other funds. There were no interfund transfers between the various funds for the fiscal year ended August 31, 2021.

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,250,000	\$ -	\$ -	\$ 1,250,000
Construction in progress	52,667,983	5,672,149	(53,730,804)	4,609,328
Total capital assets, not being depreciated	<u>53,917,983</u>	<u>5,672,149</u>	<u>(53,730,804)</u>	<u>5,859,328</u>
Capital assets, being depreciated:				
Buildings and improvements	113,938,944	53,730,804	-	167,669,748
Vehicles	4,496,270	-	-	4,496,270
Equipment	5,296,297	95,210	-	5,391,507
Total capital assets, being depreciated	<u>123,731,511</u>	<u>53,826,014</u>	<u>-</u>	<u>177,557,525</u>
Less accumulated depreciation for:				
Buildings and improvements	(70,205,732)	(5,978,750)	-	(76,184,482)
Vehicles	(3,784,681)	(88,301)	-	(3,872,982)
Equipment	(4,881,541)	(243,892)	-	(5,125,433)
Total accumulated depreciation	<u>(78,871,954)</u>	<u>(6,310,943)</u>	<u>-</u>	<u>(85,182,897)</u>
Total capital assets being depreciated, net	<u>44,859,557</u>	<u>47,515,071</u>	<u>-</u>	<u>92,374,628</u>
Governmental Activities Capital Assets, Net	<u>\$ 98,777,540</u>	<u>\$ 53,187,220</u>	<u>\$ (53,730,804)</u>	<u>\$ 98,233,956</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
11 Instruction	\$ 3,472,200
12 Instructional resources and media services	39,989
13 Curriculum and instructional staff development	94,184
21 Instructional leadership	204,276
23 School leadership	345,612
31 Guidance, counseling, and evaluation services	242,688
32 Social work services	3,563
33 Health services	88,471
34 Student transportation	132,332
35 Food services	272,516
36 Extracurricular activities	192,756
41 General administration	322,614
51 Plant maintenance and operations	639,281
52 Security and monitoring services	85,404
53 Data processing	150,436
61 Community services	24,621
Total Depreciation Expense-Governmental Activities	<u>\$ 6,310,943</u>

Note 3. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

Construction Commitments

The District has active construction projects as of August 31, 2021. The projects include the construction and equipment of school facilities. At year-end, the District's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Project Management	\$ 2,197,231	\$ 202,692
High School	2,107,869	97,708
Community Center	158,989	1,260,455
Other	145,239	1,396,576
Total	\$ 4,609,328	\$ 2,957,431

The commitment for construction and equipment of school facilities is being financed by general obligation bonds secured by tax revenues and local funds.

E. Long-term Obligations

The District's long-term liabilities consist of bond indebtedness, workers' compensation claims, compensated absences and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds, par	\$ 104,870,000	\$ -	\$ (2,800,000)	\$ 102,070,000	\$ 2,905,000
Premiums	9,901,979	-	(527,041)	9,374,938	-
Total bonds payable	114,771,979	-	(3,327,041)	111,444,938	2,905,000
Workers' compensation	75,433	27,573	(27,955)	75,051	75,051
Compensated absences	27,450	8,780	(10,800)	25,430	25,430
Net pension liability	9,729,213	2,612,909	(925,954)	11,416,168	-
Net OPEB liability	13,230,649	759,348	(3,231,578)	10,758,419	-
Governmental Activities Long-term Liabilities	\$ 137,834,724	\$ 3,408,610	\$ (7,523,328)	\$ 133,720,006	\$ 3,005,481

Note 3. Detailed Notes on All Funds (continued)

E. Long-term Obligations (continued)

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 3-30 year current interest (CIB) or capital appreciation bonds (CAB) with various amounts of principal maturing each year. Rates may be fixed or variable.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 BLDG	2.0% - 5.0%	\$ 49,900,000	8/15/2021	\$ 1,080,000	\$ -	\$ (1,080,000)	\$ -
2014 REF	2.0% - 4.0%	7,015,000	8/15/2026	4,605,000	-	(705,000)	3,900,000
2016A REF A	2.0% - 3.0%	3,050,000	8/15/2025	1,775,000	-	(335,000)	1,440,000
2016B REF B	2.0% - 4.0%	5,540,000	8/15/2029	5,520,000	-	-	5,520,000
2018 BLDG	3.0% - 5.0%	48,210,000	8/15/2048	47,360,000	-	(320,000)	47,040,000
2019 BLDG A	4.0% - 5.0%	8,815,000	8/15/2049	8,555,000	-	(360,000)	8,195,000
2019 REF B	3.1% - 5.0%	35,975,000	8/15/2041	35,975,000	-	-	35,975,000
Totals				<u>\$ 104,870,000</u>	<u>\$ -</u>	<u>\$ (2,800,000)</u>	<u>\$ 102,070,000</u>

Debt service requirements on general obligation bonds debt at August 31, 2021 are as follows:

Year Ending August 31,	Governmental Activities - Bonds		
	Principal	Interest	Total
2022	\$ 2,905,000	\$ 4,219,626	\$ 7,124,626
2023	3,015,000	4,110,126	7,125,126
2024	2,965,000	3,991,276	6,956,276
2025	3,080,000	3,875,926	6,955,926
2026	3,210,000	3,745,526	6,955,526
2027-2031	16,960,000	16,580,780	33,540,780
2032-2036	20,590,000	12,432,910	33,022,910
2037-2041	21,145,000	8,301,814	29,446,814
2042-2046	21,775,000	4,085,650	25,860,650
2047-2049	6,425,000	336,200	6,761,200
Total	<u>\$ 102,070,000</u>	<u>\$ 61,679,834</u>	<u>\$ 163,749,834</u>

Note 3. Detailed Notes on All Funds (continued)

E. Long-term Obligations (continued)

General Obligation Bonds (continued)

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

As of August 31, 2021, the District has no authorized but unissued bonds.

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

General fund - maintenance	\$	500,000
General fund - other		500,000
Other governmental fund - campus activity		155,880
Total Other Committed Fund Balance	\$	1,155,880

G. Revenues from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Project Fund	Nonmajor Funds	Totals
Property taxes	\$ 27,585,481	\$ 7,311,459	\$ -	\$ -	\$ 34,896,940
Charges for services	210,858	-	-	83,041	293,899
Investment earnings	8,362	1,829	9,632	18	19,841
Other	323,502	-	-	39,390	362,892
Totals	\$ 28,128,203	\$ 7,313,288	\$ 9,632	\$ 122,449	\$ 35,573,572

Note 4. Other Information

A. Risk Management

Property/Liability

The District participates in the Property Casualty Alliance of Texas (the Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for property and liability coverage and develop a comprehensive loss control program. The District pays a required contribution to the Fund for its property and liabilities coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member contributions. In the event that the Fund was to discontinue operations, the member political subdivisions would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care Coverage

During the year ended August 31, 2021, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

Worker's Compensation

The District established a limited risk management program for workers' compensation by participating as a self-funded member of the Texas Public Schools Workers' Compensation Project (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Pool, the District is solely responsible for all claims costs, both reported and unreported. A third party administrator provides administrative services to its self-funded members including claims administration and customer service.

Premiums are paid into the general fund by the other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Texas Public Schools Workers' Compensation Project limits the Pool's liability to \$350,000 per occurrence with a maximum aggregate exposure of \$5,000,000. There were no significant reductions in insurance coverage from the prior year. Settlements have not exceeded coverages for each of the past two fiscal years.

Note 4. Other Information (continued)

A. Risk Management (continued)

Worker's Compensation (continued)

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2021	Year Ended 8/31/2020
Unpaid claims, beginning of fiscal year	\$ 75,433	\$ 75,354
Incurred claims (including IBNRs and changes in provisions)	27,573	82,678
Claim payments	(27,955)	(82,599)
Unpaid claims, end of fiscal year	\$ 75,051	\$ 75,433

B. Litigation and Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Pension Plan and Other Post-Employment Benefits

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

Benefits Provided

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

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

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

Contributions

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

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

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

Contributions (continued)

	Contribution Rates	
	2021	2020
Member	7.70%	7.70%
Non-Employer Contributing Entity	7.50%	7.50%
Employers	7.50%	7.50%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State 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).

	Fiscal Year 2021
	Contributions
Employer (District)	\$ 1,017,173
Employee (Member)	2,030,412
Non-Employer Contributing Entity	
On-Behalf Contributions (State)	1,411,656

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 is an additional surcharge an employer is subject to.

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

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

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 to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate

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

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

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

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate (continued)

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

Asset Class	Target Allocation¹	Long-Term Expected Geometric Real Rate of Return²	Expected Contribution to Long-Term Portfolio Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return	0.00%	1.80%	0.00%
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.02%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities	0.00%	0.80%	0.00%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.00%		7.33%

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

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

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

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

Discount Rate Sensitivity Analysis

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

Discount Rate		
1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
\$ 17,603,527	\$ 11,416,168	\$ 6,389,075

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

At August 31, 2021, the District reported a liability of \$11,416,168 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 11,416,168
State's proportionate share that is associated with the District	16,109,180
Total	<u>\$ 27,525,348</u>

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

At August 31, 2020, the District's proportion of the collective net pension liability was 0.0213% which was a increase of 0.0026% from its proportion measured as of August 31, 2019.

The General, Capital Projects and Special Revenue Funds are used to liquidate pension liabilities.

Note 4. Other Information (continued)

C. Pension Plan and Other Post-Employment Benefits (continued)

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2021, the District recognized pension expense of \$2,015,619. The District also recognized an additional on-behalf revenue and expense of \$1,937,577 representing for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,845	\$ (318,595)
Changes of assumption	2,648,957	(1,126,318)
Net difference between projected and actual investment earnings	231,110	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,478,017	(197,512)
District contributions subsequent to the measurement date	1,017,173	-
Total	<u>\$ 5,396,102</u>	<u>\$ (1,642,425)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$1,017,173 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 Amount
2022	\$ 669,401
2023	774,293
2024	745,230
2025	412,902
2026	83,747
Thereafter	50,931
	<u>\$ 2,736,504</u>

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans

Plan Description

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

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

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans (continued)

Contributions

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

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

	Contribution Rates	
	2021	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

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.

	Fiscal Year 2021 Contributions
Member (Employee)	\$ 252,287
Non-employer contributing agency (State)	171,393
District	350,130

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

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	Initial medical trend rates were 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. Initial prescription drug trend rate of 9.00% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Ad hoc post-employment benefit changes	None

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans (continued)

Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (1.33%)	Current Rate (2.33%)	1% Increase (3.33%)
District's proportionate share of the Net OPEB Liability:	\$ 12,910,079	\$ 10,758,419	\$ 9,058,917

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

At August 31, 2021, the District reported a liability of \$10,758,419 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 10,758,419
State's proportionate share that is associated with District	14,456,737
Total	<u>\$ 25,215,156</u>

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

At August 31, 2020, the District’s proportion of the collective Net OPEB Liability was 0.0283% which was a decrease of 0.0004% from its proportion measured as of August 31, 2019.

The General, Capital Projects and Special Revenue Funds are used to liquidate OPEB liabilities.

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans (continued)

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

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportionate share of the Net OPEB Liability:	\$ 8,788,250	\$ 10,758,419	\$ 13,382,406

Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended August 31, 2021, the District recognized negative OPEB expense of \$55,534. The District also recognized negative on-behalf expense and revenue of \$100,382 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 563,307	\$ (4,923,603)
Changes in actuarial assumptions	663,571	(2,954,318)
Net difference between projected and actual investment earnings	3,496	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	653,797	-
Contributions paid to TRS subsequent to the measurement date	252,287	-
Total	\$ 2,136,458	\$ (7,877,921)

Note 4. Other Information (continued)

D. Defined Other Post-Employment Benefit Plans (continued)

Changes Since the Prior Actuarial Valuation (continued)

The \$252,287 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31:	OPEB Expense Amount
2022	\$ (1,012,210)
2023	(1,012,677)
2024	(1,012,945)
2025	(1,012,871)
2026	(725,509)
Thereafter	(1,217,538)
	<u>\$ (5,993,750)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$114,854, \$104,199, and \$84,252 respectively. The information for the year ended August 31, 2021 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

E. Shared Services Arrangements (SSA)

The Brazoria-Fort Bend Regional Day School Program for the Deaf

The District participates in the Regional Day School for the Deaf with Fort Bend Independent School District acting as the fiscal agent and the District as a member district.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Note 4. Other Information (continued)

F. Nonmonetary Transactions

During 2021, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$159,936. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$159,936 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

During 2021, the District received goods purchased by the Texas Department of Agriculture (TDA) through the Food Distribution Program (commodities). These commodities have been recorded in the amount of \$157,017 in a special revenue fund as federal revenues, which represents the amount of consideration given by TDA.

G. Subsequent Event

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

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

H. Prior Period Adjustment

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

Beginning Net Position - As Originally Stated	\$ -
Reclassification of amounts due to student groups	90,499
Beginning Net Position - As Restated	<u><u>\$ 90,499</u></u>

REQUIRED SUPPLEMENTARY INFORMATION



STAFFORD MUNICIPAL SCHOOL DISTRICT*Exhibit G-1***SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL****GENERAL FUND****For the Year Ended August 31, 2021**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Local revenues	\$ 26,871,116	\$ 26,871,116	\$ 28,128,203	\$ 1,257,087
State program revenues	7,540,019	7,540,019	6,090,381	(1,449,638)
Federal program revenues	1,916,000	1,916,000	478,994	(1,437,006)
Total Revenues	<u>36,327,135</u>	<u>36,327,135</u>	<u>34,697,578</u>	<u>(1,629,557)</u>
Expenditures				
Current:				
Instruction	21,727,900	21,124,867	20,053,443	1,071,424
Instruction resources and media services	245,807	265,807	263,769	2,038
Curriculum and instructional staff development	296,667	408,667	398,199	10,468
Instructional leadership	837,365	1,270,678	1,267,569	3,109
School leadership	1,916,386	2,174,302	2,264,528	(90,226)
Guidance, counseling and evaluation services	872,972	933,389	929,231	4,158
Health services	313,847	594,847	593,313	1,534
Student transportation	900,606	1,010,606	912,337	98,269
Extracurricular activities	1,250,030	1,252,030	1,241,187	10,843
General administration	2,142,644	2,187,331	2,119,342	67,989
Plant maintenance and operations	3,694,353	4,217,053	4,276,043	(58,990)
Security and monitoring services	713,999	603,999	530,634	73,365
Data processing services	1,065,398	1,135,398	1,036,856	98,542
Community services	59,161	99,161	98,251	910
Capital Outlay:				
Facilities, acquisition and construction	-	764,384	764,384	-
Intergovernmental:				
Payments related to shared services arrangements	35,000	39,000	33,900	5,100
Payments to Juvenile Justice Alternative Education Programs	25,000	25,000	-	25,000
Other intergovernmental charges	230,000	310,000	279,275	30,725
Total Expenditures	<u>36,327,135</u>	<u>38,416,519</u>	<u>37,062,261</u>	<u>1,354,258</u>
Net change in fund balances	-	(2,089,384)	(2,364,683)	(275,299)
Fund Balances - Beginning	<u>13,338,693</u>	<u>13,338,693</u>	<u>13,338,693</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 13,338,693</u>	<u>\$ 11,249,309</u>	<u>\$ 10,974,010</u>	<u>\$ (275,299)</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
Exhibit G-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OF A COST-SHARING MULTIPLE-EMPLOYER PENSION PLAN
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Seven Measurement Years

	2020	2019	2018	2017
District's proportion of the net pension liability	0.0213155%	0.0187161%	0.0180385%	0.0177893%
District's proportionate share of the net pension liability	\$ 11,416,168	\$ 9,729,213	\$ 9,928,805	\$ 5,688,055
State's proportionate share of the net pension liability associated with the District	16,109,180	17,233,556	19,020,219	10,491,633
Total	\$ 27,525,348	\$ 26,962,769	\$ 28,949,024	\$ 16,179,688
District's covered payroll (for Measurement Year)	\$ 24,222,593	\$ 22,686,951	\$ 21,938,980	\$ 20,124,614
District's proportionate share of the net pension liability as a percentage of covered payroll	47.13%	42.88%	45.26%	28.26%
Plan fiduciary net position as a percentage of the total pension liability ¹	75.54%	75.24%	73.74%	82.17%
Plan's net pension liability as a percentage of covered payroll ¹	110.36%	114.93%	126.11%	75.93%
	2016	2015	2014	
District's proportion of the net pension liability	0.0191661%	0.0194790%	0.0123698%	
District's proportionate share of the net pension liability	\$ 7,242,566	\$ 6,885,567	\$ 3,304,145	
State's proportionate share of the net pension liability associated with the District	12,847,271	12,143,198	10,416,152	
Total	\$ 20,089,837	\$ 19,028,765	\$ 13,720,297	
District's covered payroll (for Measurement Year)	\$ 20,408,255	\$ 19,433,586	\$ 18,730,371	
District's proportionate share of the net pension liability as a percentage of covered payroll	35.49%	35.43%	17.64%	
Plan fiduciary net position as a percentage of the total pension liability ¹	78.00%	78.43%	83.25%	
Plan's net pension liability as a percentage of covered payroll ¹	92.75%	91.94%	72.89%	

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

Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

¹ Per Teacher Retirement System of Texas' annual comprehensive financial report.

STAFFORD MUNICIPAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Seven Fiscal Years

Exhibit G-3

	2021	2020	2019	2018
Contractually required contributions	\$ 1,017,173	\$ 851,353	\$ 667,044	\$ 621,642
Contributions in relation to the contractual required contributions	1,017,173	851,353	667,044	621,642
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,985,952	\$ 24,222,593	\$ 22,686,951	\$ 21,938,980
Contributions as a percentage of covered payroll	3.91%	3.51%	2.94%	2.83%
	2017	2016	2015	
Contractually required contributions	\$ 583,029	\$ 608,576	\$ 575,781	
Contributions in relation to the contractual required contributions	583,029	608,576	575,781	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 20,124,614	\$ 20,408,255	\$ 19,433,586	
Contributions as a percentage of covered payroll	2.90%	2.98%	2.96%	

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2015.

STAFFORD MUNICIPAL SCHOOL DISTRICT
Exhibit G-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB
LIABILITY OF A COST-SHARING MULTIPLE-EMPLOYER OPEB PLAN
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Four Measurement Years

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0283008%	0.0279770%	0.0275360%	0.0269057%
District's proportionate share of the net OPEB liability	\$ 10,758,419	\$ 13,230,649	\$ 13,748,974	\$ 11,700,277
State's proportionate share of the net OPEB liability associated with the District	14,456,737	17,580,573	18,643,241	15,829,896
Total	\$ 25,215,156	\$ 30,811,222	\$ 32,392,215	\$ 27,530,173
District's covered payroll (for Measurement Year)	\$ 24,222,593	\$ 22,686,951	\$ 21,938,980	\$ 20,124,614
District's proportionate share of the net OPEB liability as a percentage of covered payroll	44.4%	58.3%	62.67%	58.14%
Plan fiduciary net position as a percentage of the total OPEB liability ¹	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll ¹	101.46%	135.21%	146.64%	132.55%

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

Net other-post employment liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

¹ Per Teacher Retirement System of Texas' annual comprehensive financial report.

STAFFORD MUNICIPAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Four Fiscal Years

Exhibit G-5

	2021	2020	2019	2018
Contractually required contributions	\$ 252,287	\$ 215,784	\$ 193,224	\$ 190,103
Contributions in relation to the contractual required contributions	252,287	215,784	193,224	190,103
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,985,952	\$ 24,222,593	\$ 22,686,951	\$ 21,938,980
Contributions as a percentage of covered payroll	0.97%	0.89%	0.85%	0.87%

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

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

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

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

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended August 31, 2021, expenditures exceeded appropriations in the functions (the legal level of budgetary control) of the following funds:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	23	\$ 2,174,302	\$ 2,264,528	\$ (90,226)
General Fund	51	4,217,053	4,276,043	(58,990)
School Breakfast and National School Lunch Program Fund	35	\$ 1,835,017	\$ 1,851,857	\$ (16,840)

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Changes in demographic and economic assumptions

For measurement dates August 31, 2019-2020 and 2014-2017 – No changes in assumptions.

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Other Information

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



SUPPLEMENTARY INFORMATION

STAFFORD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 1 of 5

Data Control Codes		211	224	225	240
		ESEA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool	School Breakfast and National School Lunch Program
	Assets				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 248,276
	Receivables:				
1240	Receivables from other governments	367,740	230,001	1,822	402,343
1260	Due from other funds	-	-	-	1,192,613
1310	Inventories, at cost	-	-	-	21,682
1000	Total Assets	<u>\$ 367,740</u>	<u>\$ 230,001</u>	<u>\$ 1,822</u>	<u>\$ 1,864,914</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ 6,276	\$ 423	\$ -	\$ 2,514
2160	Accrued wages payable	-	-	-	82,569
2170	Due to other funds	361,464	229,578	1,822	862,365
2200	Accrued expenses	-	-	-	1,735
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>367,740</u>	<u>230,001</u>	<u>1,822</u>	<u>949,183</u>
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	-	-	-	915,731
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,731</u>
4000	Total Liabilities and Fund Balances	<u>\$ 367,740</u>	<u>\$ 230,001</u>	<u>\$ 1,822</u>	<u>\$ 1,864,914</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 2 of 5

Data Control Codes		244 Career and Technical Education - Basic Grant	255 ESEA, Title II, Part A - Supporting Effective Instruction	263 Title III, Part A - English Language Acquisition and Language	266 ESSER I Fund - CARES Act
	Assets				
1110	Cash and temporary investments	\$ 5,738	\$ -	\$ -	\$ -
	Receivables:				
1240	Receivables from other governments	23,148	111,135	57,833	68,457
1260	Due from other funds	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	\$ 28,886	\$ 111,135	\$ 57,833	\$ 68,457
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 6,476	\$ 2,500	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	28,886	104,659	55,333	68,457
2200	Accrued expenses	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	28,886	111,135	57,833	68,457
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 28,886	\$ 111,135	\$ 57,833	\$ 68,457

STAFFORD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 3 of 5

		276	282	289	397
Data Control Codes		Title I SIP Academy Grant	ESSER III Fund - ARP Act	Summer School LEP	Advanced Placement Incentives
	Assets				
1110	Cash and temporary investments	\$ -	\$ -	\$ -	\$ 5,343
	Receivables:				
1240	Receivables from other governments	143	720	68,813	-
1260	Due from other funds	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 143</u>	<u>\$ 720</u>	<u>\$ 68,813</u>	<u>\$ 5,343</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ 790	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	143	720	68,023	-
2200	Accrued expenses	-	-	-	-
2300	Unearned revenues	-	-	-	5,343
2000	Total Liabilities	<u>143</u>	<u>720</u>	<u>68,813</u>	<u>5,343</u>
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 143</u>	<u>\$ 720</u>	<u>\$ 68,813</u>	<u>\$ 5,343</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 4 of 5

		410	429	461	496
Data Control Codes		Instructional Materials Fund	Miscellaneous State Grants	Campus Activity Funds	Donation H. Dave
	Assets				
1110	Cash and temporary investments	\$ 81,023	\$ -	\$ 159,766	\$ 1
	Receivables:				
1240	Receivables from other governments	-	145,295	-	-
1260	Due from other funds	-	-	3,047	-
1310	Inventories, at cost	-	-	-	-
1000	Total Assets	<u>\$ 81,023</u>	<u>\$ 145,295</u>	<u>\$ 162,813</u>	<u>\$ 1</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ 32,062	\$ -	\$ 6,933	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	137,037	-	-
2200	Accrued expenses	-	-	-	-
2300	Unearned revenues	48,961	8,258	-	-
2000	Total Liabilities	<u>81,023</u>	<u>145,295</u>	<u>6,933</u>	<u>-</u>
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	-	-	-	1
	Committed:				
3545	Other purposes	-	-	155,880	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>155,880</u>	<u>1</u>
4000	Total Liabilities and Fund Balances	<u>\$ 81,023</u>	<u>\$ 145,295</u>	<u>\$ 162,813</u>	<u>\$ 1</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2021

Exhibit H-1
Page 5 of 5

		497	498	499	
Data Control Codes		Geoge Foundation Robotics	Tech Library Fund	Student Motivation	Total Nonmajor Governmental Funds
Assets					
1110	Cash and temporary investments	\$ 23,619	\$ 7,187	\$ 34,738	\$ 565,691
	Receivables:				
1240	Receivables from other governments	-	-	-	1,477,450
1260	Due from other funds	-	-	-	1,195,660
1310	Inventories, at cost	-	-	-	21,682
1000	Total Assets	<u>\$ 23,619</u>	<u>\$ 7,187</u>	<u>\$ 34,738</u>	<u>\$ 3,260,483</u>
Liabilities and Fund Balances					
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ 300	\$ 58,274
2160	Accrued wages payable	-	-	-	82,569
2170	Due to other funds	-	-	-	1,918,487
2200	Accrued expenses	-	-	-	1,735
2300	Unearned revenues	-	-	-	62,562
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>300</u>	<u>2,123,627</u>
	Fund Balances:				
	Restricted:				
3450	Grant restrictions	23,619	7,187	34,438	980,976
	Committed:				
3545	Other purposes	-	-	-	155,880
3000	Total Fund Balances	<u>23,619</u>	<u>7,187</u>	<u>34,438</u>	<u>1,136,856</u>
4000	Total Liabilities and Fund Balances	<u>\$ 23,619</u>	<u>\$ 7,187</u>	<u>\$ 34,738</u>	<u>\$ 3,260,483</u>

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

Exhibit H-2

Page 1 of 5

		211	224	225	240
Data		ESEA, Title I,			School
Control		Part A -			Breakfast and
Codes		Improving Basic	IDEA - Part B,	IDEA - Part B,	National School
		Programs	Formula	Preschool	Lunch Program
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 19,268
5800	State program revenues	-	-	-	73,264
5900	Federal program revenues	683,378	635,344	5,167	2,338,485
5020	Total Revenues	683,378	635,344	5,167	2,431,017
Expenditures					
Current:					
0011	Instruction	557,834	76,195	4,929	-
0013	Curriculum and instructional staff development	72,787	14,029	238	-
0021	Instructional leadership	4,775	35	-	-
0023	School leadership	5,645	-	-	-
0031	Guidance, counseling and evaluation services	13,154	545,085	-	-
0032	Social work services	1,495	-	-	-
0035	Food service	-	-	-	1,851,857
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	20,392
0052	Security and monitoring services	-	-	-	-
0061	Community services	27,688	-	-	-
6030	Total Expenditures	683,378	635,344	5,167	1,872,249
1200	Net change in fund balances	-	-	-	558,768
0100	Fund Balance - September 1 (Beginning)	-	-	-	356,963
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 915,731

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

Exhibit H-2

Page 2 of 5

		244	255	263	266
Data			ESEA, Title II,	Title III, Part A -	
Control		Career and	Part A -	English	
Codes		Technical	Supporting	Language	ESSER I Fund -
		Education -	Effective	Acquisition and	CARES Act
		Basic Grant	Instruction	Language	
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	37,089	175,562	81,378	85,835
5020	Total Revenues	37,089	175,562	81,378	85,835
Expenditures					
Current:					
0011	Instruction	27,693	26,514	32,319	3,911
0013	Curriculum and instructional staff development	9,396	78,237	8,219	2,079
0021	Instructional leadership	-	50,064	40,840	-
0023	School leadership	-	15,057	-	1,353
0031	Guidance, counseling and evaluation services	-	-	-	31,670
0032	Social work services	-	-	-	3,060
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	5,690	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	43,762
6030	Total Expenditures	37,089	175,562	81,378	85,835
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

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

Exhibit H-2

Page 3 of 5

		276	282	289	397
Data Control Codes		Title I SIP Academy Grant	ESSER III Fund - ARP Act	Summer School LEP	Advanced Placement Incentives
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	10,322	720	72,820	-
5020	Total Revenues	<u>10,322</u>	<u>720</u>	<u>72,820</u>	<u>-</u>
Expenditures					
Current:					
0011	Instruction	10,322	-	19,142	-
0013	Curriculum and instructional staff development	-	-	13,188	-
0021	Instructional leadership	-	-	166	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	20,324	-
0032	Social work services	-	-	20,000	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	720	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>10,322</u>	<u>720</u>	<u>72,820</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit H-2

Page 4 of 5

		410	429	461	496
Data Control Codes		Instructional Materials Fund	Miscellaneous State Grants	Campus Activity Funds	Donation H. Dave
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 63,791	\$ -
5800	State program revenues	159,936	171,961	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>159,936</u>	<u>171,961</u>	<u>63,791</u>	<u>-</u>
Expenditures					
Current:					
0011	Instruction	159,936	30,147	28,130	-
0013	Curriculum and instructional staff development	-	51,835	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	1,425	-
0031	Guidance, counseling and evaluation services	-	31,979	-	-
0032	Social work services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	74,195	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	58,000	-	-
0061	Community services	-	-	-	-
6030	Total Expenditures	<u>159,936</u>	<u>171,961</u>	<u>103,750</u>	<u>-</u>
1200	Net change in fund balances	-	-	(39,959)	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>195,839</u>	<u>1</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,880</u>	<u>\$ 1</u>

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

Exhibit H-2

Page 5 of 5

		497	498	499	
Data Control Codes		Geoge Foundation Robotics	Tech Library Fund	Student Motivation	Total Nonmajor Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 39,390	\$ 122,449
5800	State program revenues	-	-	-	405,161
5900	Federal program revenues	-	-	-	4,126,100
5020	Total Revenues	-	-	39,390	4,653,710
Expenditures					
Current:					
0011	Instruction	-	-	41,926	1,018,998
0013	Curriculum and instructional staff development	-	-	-	250,008
0021	Instructional leadership	-	-	-	95,880
0023	School leadership	-	-	-	23,480
0031	Guidance, counseling and evaluation services	-	-	-	642,212
0032	Social work services	-	-	-	24,555
0035	Food service	-	-	-	1,851,857
0036	Extracurricular activities	-	-	3,052	77,247
0041	General administration	-	-	-	6,410
0051	Plant maintenance and operations	-	-	-	20,392
0052	Security and monitoring services	-	-	-	58,000
0061	Community services	-	-	-	71,450
6030	Total Expenditures	-	-	44,978	4,140,489
1200	Net change in fund balances	-	-	(5,588)	513,221
0100	Fund Balance - September 1 (Beginning)	23,619	7,187	40,026	623,635
3000	Fund Balance - August 31 (Ending)	\$ 23,619	\$ 7,187	\$ 34,438	\$ 1,136,856

STAFFORD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2021

Exhibit J-1
Page 1 of 2

	1	2	3	10	20
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/20	Current Year's Total Levy
Last Ten Fiscal Years	Maintenance	Debt Service			
2012 and prior	Various	Various	Various	\$ 154,780	\$ -
2013	\$ 1.04010	\$ 0.20995	\$ 1,921,839,446	35,387	-
2014	1.04005	0.20995	2,002,970,000	33,948	-
2015	1.04005	0.20000	2,027,751,704	39,596	-
2016	1.04005	0.19000	2,183,465,388	58,949	-
2017	1.04005	0.19000	2,229,686,598	138,015	-
2018	1.04005	0.19000	2,411,451,567	167,749	-
2019	1.05330	0.27175	2,454,481,038	151,093	-
2020	0.97005	0.28000	2,598,475,981	604,746	-
2021	0.966400	0.25591	2,791,336,810	-	34,791,222
1000 Totals				<u>\$ 1,384,263</u>	<u>\$ 34,791,222</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2021

Exhibit J-1
Page 2 of 2

	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/21</u>
2012 and prior	\$ 367	\$ 58	\$ (68,201)	\$ 86,154
2013	357	72	-	34,958
2014	691	140	-	33,117
2015	1,841	354	-	37,401
2016	3,204	585	(62)	55,098
2017	3,098	566	(1,105)	133,246
2018	13,552	2,475	(3,662)	148,060
2019	403	104	(15,473)	135,113
2020	264,161	76,249	(27,691)	236,645
2021	<u>27,107,949</u>	<u>7,178,445</u>	<u>-</u>	<u>504,828</u>
1000 Totals	<u><u>\$ 27,395,623</u></u>	<u><u>\$ 7,259,048</u></u>	<u><u>\$ (116,194)</u></u>	<u><u>1,404,620</u></u>
	Total taxes receivable per Exhibit C-1			<u><u>\$ 1,404,620</u></u>

STAFFORD MUNICIPAL SCHOOL DISTRICT*Exhibit J-2*

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
For the Year Ended August 31, 2021**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local, Intermediate, and Out-of-State	\$ 109,000	\$ 109,000	\$ 19,268	\$ (89,732)
State Program Revenues	10,000	10,000	73,264	63,264
Federal Program Revenues	1,708,017	1,708,017	2,338,485	630,468
Total Revenues	<u>1,827,017</u>	<u>1,827,017</u>	<u>2,431,017</u>	<u>604,000</u>
Expenditures				
Current:				
Food Services	1,677,017	1,835,017	1,851,857	(16,840)
Facilities maintenance and operations	150,000	40,000	20,392	19,608
Total Expenditures	<u>1,827,017</u>	<u>1,875,017</u>	<u>1,872,249</u>	<u>2,768</u>
Increase (Decrease) in Fund Balance	-	(48,000)	558,768	606,768
Fund Balance - September 1 (Beginning)	<u>356,963</u>	<u>356,963</u>	<u>356,963</u>	<u>-</u>
Fund Balance - August 31 (Ending)	<u>\$ 356,963</u>	<u>\$ 308,963</u>	<u>\$ 915,731</u>	<u>\$ 606,768</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT*Exhibit J-3***SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND***For the Year Ended August 31, 2021*

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local, Intermediate, and Out-of-State	\$ 7,095,076	\$ 7,095,076	\$ 7,313,288	\$ 218,212
State Program Revenues	39,000	39,000	31,648	(7,352)
Total Revenues	<u>7,134,076</u>	<u>7,134,076</u>	<u>7,344,936</u>	<u>210,860</u>
Expenditures				
Debt Service:				
Principal on long-term debt	2,800,000	2,800,000	2,800,000	-
Interest on long-term debt	4,329,076	4,329,076	4,329,076	-
Issuance costs and fees	5,000	5,000	4,250	750
Total Expenditures	<u>7,134,076</u>	<u>7,134,076</u>	<u>7,133,326</u>	<u>750</u>
Increase (Decrease) in Fund Balance	-	-	211,610	211,610
Fund Balance - September 1 (Beginning)	<u>2,698,673</u>	<u>2,698,673</u>	<u>2,698,673</u>	<u>-</u>
Fund Balance - August 31 (Ending)	<u>\$ 2,698,673</u>	<u>\$ 2,698,673</u>	<u>\$ 2,910,283</u>	<u>\$ 211,610</u>



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Stafford Municipal School District
Stafford, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Stafford Municipal School District (the "District"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

To the Board of Trustees
Stafford Municipal School District

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
February 25, 2022

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

To the Board of Trustees
Stafford Municipal School District
Stafford, Texas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
February 25, 2022

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

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that is not considered to be material weaknesses?	Yes, 2021-001
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster

Assistance Listing Numbers

COVID-19 CARES Act ESSER I	84.425D
COVID-19 CRSSA Act ESSER II	84.425D
COVID-19 CRRSA Act ESSER II – Prior Purchase Reimbursement Program (PPRP)	84.425D
COVID 19 ARP Act ESSER III	84.425U

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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STAFFORD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2021

II. Financial Statement Findings

#2021-001	Internal Control Over Financial Reporting: Financial Close and Reporting and Bank Reconciliations
Type of Finding:	Significant Deficiency
Criteria:	The year-end financial close and reporting is a key process that provides an accurate snapshot of the District's financial health. In addition, monthly bank reconciliations are one of the most important internal controls and allows the District to verify its bank balances against a third party (depository institution).
Condition:	During fiscal year 2021, the District did not perform timely, monthly bank reconciliations. In addition, the bank reconciliations as of August 31, 2021 were completed more than five months after fiscal year-end. This contributed to the delay in the overall financial close and reporting process.
Cause:	The finance department was short-staffed and was unable to complete all tasks to perform the financial close and reporting and provide the information needed for the audit.
Effect:	The District's financial statement audit was delayed past January 28, 2022.
Questioned Costs:	None
Repeat Finding:	No
Recommendation:	The District should hire adequate number of staff to perform timely, monthly reconciliations and the financial close and reporting process.
Views of Responsible 3.Official:	The monthly bank reconciliations should be reconciled on a timely basis. However, due to the pandemic and significant short-staffing, Stafford Municipal School District's Business and Finance Department ("SMSD", "The District", or "District") was not able to perform its normal processes for monthly bank reconciliations. SMSD has corrected this deficiency by (1) crossed training more than one staff members in the preparation of monthly bank reconciliations, while maintaining adequate segregation of duties and (2) ensuring the CFO or designee reviews and sign-off on monthly bank reconciliations.

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

III. Federal Awards Findings and Questioned Costs

None reported.

STAFFORD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

Exhibit K-1

Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Education			
Passed Through Texas Education Agency:			
ESSA Title I, Part A - Improving Basic Programs	84.010A	20610101079910	\$ 172,462
ESSA Title I, Part A - Improving Basic Programs	84.010A	21610101079910	510,916
Total ALN 84.010			<u>683,378</u>
IDEA - Part B ,Formula	84.027A	206600010799106600	92,900
IDEA - Part B ,Formula	84.027A	216600010799106600	542,444
IDEA - Part B, Preschool	84.173A	206610010799106610	3,506
IDEA - Part B, Preschool	84.173A	216610010799106610	1,661
Total Special Education Cluster (ALN 84.027, 84.173)			<u>640,511</u>
Career and Technology - Basic Grant	84.048A	21420006079910	37,089
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	20671001079910	46,052
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	21671001079910	35,326
Total ALN 84.365			<u>81,378</u>
ESSA Title II, Part A - Supporting Effective Instruction	84.367A	20694501079910	81,925
ESSA Title II, Part A - Supporting Effective Instruction	84.367A	21694501079910	93,637
Total ALN 84.367			<u>175,562</u>
Summer School LEP	84.369A	69552002	4,007
Instructional Continuity	84.377A	17610740079910	10,322
Title IV, Part A, Subpart 1	84.424A	20680101079910	38,354
Title IV, Part A, Subpart 1	84.424A	21680101079910	10,135
Total ALN 84.424			<u>48,489</u>
COVID-19 CARES Act ESSER I	84.425D	20521001079910	85,835
COVID-19 CRSSA Act ESSER II	84.425D	21521001079910	1,207,311
COVID-19 CRSSA Act ESSER II -			
Prior Purchase Reimbursement Program (PPRP)	84.425D	52102135	775,800
COVID-19 ARP Act ESSER III	84.425U	21528001079910	720
Total ALN 84.425			<u>2,069,666</u>
Total U.S. Department of Education			<u>3,750,402</u>

STAFFORD MUNICIPAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2021

Exhibit K-1
Page 2 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Agriculture			
Passed Through Texas Education Agency			
Cash Assistance:			
<i>School Breakfast Program</i>	10.553	71402101	665,249
<i>National School Lunch Program (NSLP)</i>	10.555	71302101	1,273,255
Passed Through Texas Department of Agriculture			
Cash Assistance:			
<i>COVID-19 Emergency Operational Cost Reimbursement - NSLP</i>	10.555	00388	183,989
Passed Through Texas Department of Agriculture			
Non-Cash Assistance:			
<i>National School Lunch Program</i>	10.555	00388	153,290
Total Child Nutrition Cluster (ALN 10.553, 10.555)			<u>2,275,783</u>
Passed Through Texas Department of Agriculture			
Cash Assistance:			
<i>Child and Adult Care Food Program</i>	10.558	00388	30,460
<i>COVID-19 Emergency Operational Cost Reimbursement - CACFP</i>	10.558	00388	27,636
Total ALN 10.558			<u>58,096</u>
<i>State Administrative Expense for Child Nutrition Programs</i>	10.560	00388	4,606
Total U.S. Department of Agriculture			<u>2,338,485</u>
U.S. Department of Justice			
Passed Through Texas Education Agency:			
<i>STOP School Violence</i>	16.839	194310027110006	20,324
Total U.S. Department of Justice			<u>20,324</u>
U.S. Department of Treasury			
Passed Through Texas Department of Emergency Management:			
<i>COVID-19 Coronavirus Relief Fund</i>	21.019	2020-CF-21019	64,343
Total U.S. Department of Treasury			<u>64,343</u>
U.S. Department of Health And Human Services			
Passed Through Texas Health and Human Services Commission:			
<i>Medicaid Administrative Claiming (MAC)</i>	93.778	079-910	5,427
Total Medicaid Cluster (ALN 93.778)			<u>5,427</u>
Total U.S. Department of Health And Human Services			<u>5,427</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,178,981</u></u>

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Stafford Municipal School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2. De Minimis Cost Rate

The District elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Reconciliation to Basic Financial Statements

Presented below is a reconciliation of federal revenues:

Total Expenditures of Federal Awards - Exhibit K-1	\$ 6,178,981
General Fund - federal revenue:	
School health and related services (SHARS)	154,640
Reserve officers' training corps (ROTC)	95,737
E-rate	158,847
Total Federal Revenue - Exhibit C-3	<u>\$ 6,588,205</u>

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

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

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

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2021 has been prepared to address these requirements.

I. Prior Audit Findings

None Noted

STAFFORD MUNICIPAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2021

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

As part of the requirement, the District's corrective action plans are presented below.

I. Corrective Action Plan (Prepared by the District)

#2021-001

Internal Control Over Financial Reporting: Financial Close and Reporting and Bank Reconciliations

Response:

The monthly bank reconciliations should be reconciled on a timely basis. 2020-2021 was an abnormal year for Stafford Municipal School District ("SMSD", "The District", or "District"). The District was impacted by the pandemic and faced with significant turnover within the Business and Finance Department. This yielded significant delays in completing the monthly bank reconciliations.

Corrective Action Plan:

SMSD's Business and Finance Department has returned to full staff. Monthly bank reconciliation processes have resumed to normal and are reviewed and signed off by the Chief Financial Officer. Additionally, cross training has been done to ensure more than one staff member has the technical experience to prepare monthly bank reconciliations.

Responsible Party:

Dedrea Norman, CFO

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

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</p> <p>(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-

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