Austin Independent School District

Basic Financial Statements With
Accompanying Supplemental Information
June 30, 2020

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Introductory Section

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Certificate of Board

Austin Independent School District	Travis	227-901-13
Name of School District	County	County District Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and (check one) ✓ approved _____ disapproved for the year ended June 30, 2020, at a meeting of the Board of Trustees of such school district on the 14th day of December, 2020.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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RSM US LLP

Independent Auditor's Report

Board of Trustees
Austin Independent School District

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Austin Independent School District (the District) as of and for the year ended June 30, 2020, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2020, 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.

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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 Schedule—General Fund, Note to Budgetary Comparison Schedule—General Fund, Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability, Schedules of District Contributions for the Pension and OPEB plans, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is 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 December 7, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RSM US LLP

Austin, Texas
December 7, 2020

This section of Austin Independent School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the year ended June 30, 2020. Net position was $143.6 million. Net investment in capital assets was $508.8 million. The District's restricted net position was $124.1 million. Unrestricted net position was $(489.2) million.

- During the year, the District's expenses were $84.9 million less than the $1,757.9 million generated in taxes and other revenues for governmental activities. Expenditures totaled $1,466.3 million after charges for services and operating grants and contributions (revenue). Total revenue from property taxes, state aid, unrestricted grants and contributions, investment income and miscellaneous revenues is $1,551.3 million.

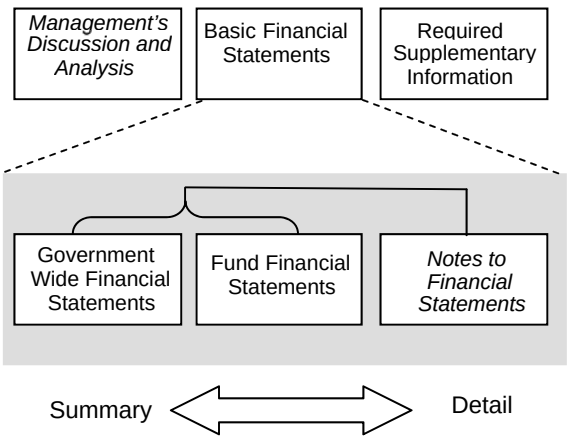
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $233.1 million, or 16% of the total General Fund expenditures.

- The District issued $66.5 million of Unlimited Tax Refunding Bonds, Taxable Series 2020 during the fiscal year 2019-2020, and ended the year with no outstanding commercial paper.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

Figure A-1
Required Components of the District's Annual Financial Report



- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- The Governmental Funds statements tell how general government services were financed in the short term, as well as what remains for future spending.

- The Proprietary Fund statements provide information about the District's internal service funds, which are used to accumulate expenses to be charged to the governmental funds.

- Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

Figure A-2 Major Features of the District's Government-Wide and Fund Financial Statements

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not propriety or fiduciary	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year-end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	Agency funds do not report revenue and expenditures

Government-wide statements: The government-wide statements report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the statement of activities on the accrual basis, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, are one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.

- To assess the overall financial health of the District, one must consider additional factors, such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities. All the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund financial statements: The fund financial statements provide more detailed information about the District's major funds, rather than the District as a whole. Funds are a governmental accounting tool the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

- ***Governmental Funds:*** Most of the District's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) on the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the availability of financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the Governmental Funds statement, or on the subsequent page, that explains the relationship (or differences) between them. These include debt financing and capital projects.

- ***Proprietary Funds:*** Services for which the District charges internal departments a fee are generally reported in Proprietary Funds. Proprietary Funds, like the government-wide statements, provide both long and short-term financial information. In the District, internal service funds are used to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self Insurance Fund.

- ***Fiduciary Funds:*** The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Required supplementary information: The basic financial statements are followed by a section of required supplementary information. This section includes a Budgetary Comparison Schedule—General Fund, Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability, and Schedules of District Contributions for the Pension and OPEB plans. The Budgetary Comparison Schedule—General Fund provides detailed comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget and actual costs for the year. The Schedules of the District's Proportionate Share of the Net Pension Liability and Net OPEB Liability, and Schedules of District Contributions for the Pension and OPEB plans disclose covered payroll and related comparison information as of June 30, 2020.

Financial Analysis of the District as a Whole

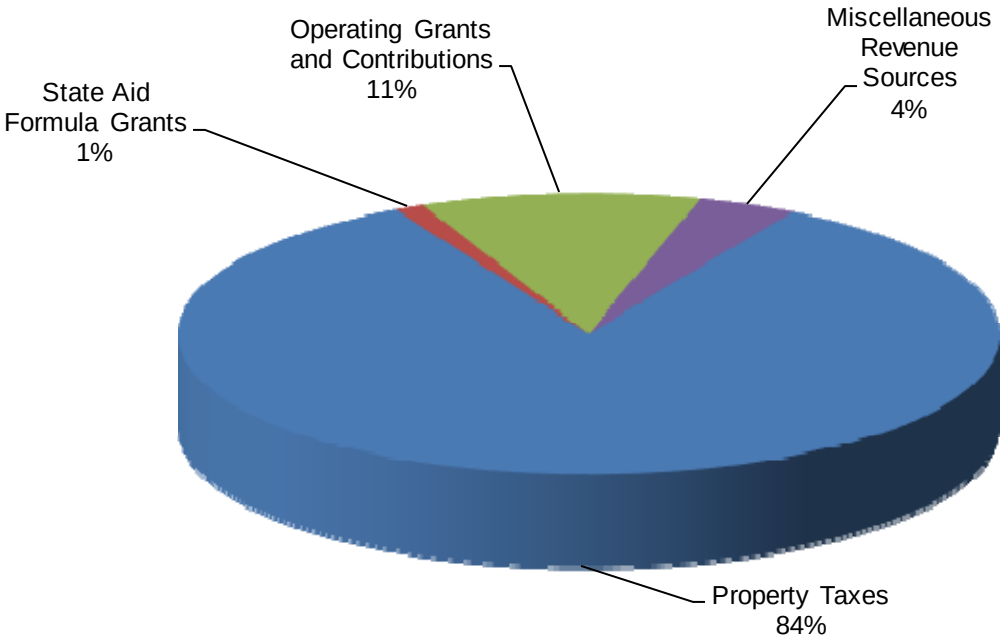
Net position: The District's combined net position was approximately $143.6 million at June 30, 2020. The following is a schedule of the District's net position:

Table A-1
The District's Net Position
(In Millions of Dollars)

	Governmental Activities		Percentage
	2020	2019	Change
Current and other assets	$ 1,264.5	$ 1,076.7	17%
Capital assets	1,453.8	1,161.1	25%
Total assets	2,718.3	2,237.8	21%
Deferred loss on refunding	22.0	21.4	3%
Deferred outflow for TRS pension liability	56.0	61.5	(9%)
Deferred outflow for TRS OPEB liability	36.0	26.5	36%
Total deferred outflows of resources	114.0	109.4	4%
Current liabilities	897.6	423.0	112%
Long-term liabilities	1,600.4	1,705.4	(6%)
Total liabilities	2,498.0	2,128.4	17%
Deferred inflow for TRS pension liability	42.4	42.9	(1%)
Deferred inflow for TRS OPEB liability	148.3	117.2	27%
Total deferred inflows of resources	190.7	160.1	19%
Net position:			
Net investment in capital assets	508.8	117.5	333%
Restricted	124.1	131.2	(5%)
Unrestricted (deficit)	(489.2)	(190.0)	157%
Total net position	$ 143.6	$ 58.7	145%

Changes in net position: The District's total revenues were $1,757.9 million. A significant portion, 84%, of the District's revenue comes from taxes; 1% comes from state aid formula grants, while 11% is related to other operating grants and contributions; the remaining 4% comes from miscellaneous revenue sources.

Figure A-3
Sources of Revenues for Fiscal Year 2020



The total cost of all programs was $1,673.0 million and $1,706.4 million for the year ended June 30, 2020, and for the year ended June 30, 2019, respectively. When adjusted for the $639.6 million in expenses in 2020 and $669.30 million in expenses in 2019 related to Chapter 49 and other pass-through costs, 69.7% and 70.2%, respectively, of these costs are for instructional and student services.

The total of all program and service costs for school leadership was 3.8% in 2020 and 4.9% in 2019, and 6.2% and 6.0% in 2020 and 2019, respectively, for plant maintenance and operations (including security services).

Table A-2
Changes in the District's Net Position
(In Millions of Dollars)

	Governmental Activities		Percentage
	2020	2019	Change
Revenues			
Program revenues:			
Charges for services	$ 12.4	$ 9.6	29%
Operating grants and contributions	194.3	233.0	(17%)
General revenues:			
Property taxes	1,474.3	1,436.6	3%
State aid—formula	20.8	37.7	(45%)
Investment earnings	13.0	19.9	(35%)
Other	43.2	40.8	6%
Total revenues	1,757.9	1,777.6	(1%)
Expenses			
Instruction and instructional related	530.9	530.3	0%
Instructional resources and media related	11.8	12.3	(4%)
Curriculum and staff development	26.5	28.1	(6%)
Instructional leadership	17.6	19.0	(7%)
School leadership	63.8	64.3	(1%)
Guidance, counseling and evaluation services	32.4	33.4	(3%)
Social work services	7.8	7.5	3%
Health services	13.6	13.6	0%
Student transportation	38.1	39.2	(3%)
Food services	40.5	44.5	(9%)
Extracurricular activities	19.0	19.6	(3%)
General administration	31.1	35.1	(11%)
Plant maintenance and operations	87.8	88.4	(1%)
Security and monitoring services	15.6	13.5	15%
Data processing services	24.6	24.0	2%
Community services	21.2	23.3	(9%)
Debt service	42.1	32.0	31%
Payments to fiscal agent/member districts—shared service	639.6	669.3	(4%)
Other governmental charges	8.9	9.0	(1%)
Total expenses	1,673.0	1,706.4	(2%)
Change in net position	84.9	71.2	19%
Net position (deficit) at beginning of period	58.7	(12.5)	(570%)
Net position at end of period	$ 143.6	$ 58.7	145%

Table A-3 presents the cost of the District's largest functions, as well as each function's net cost (total costs less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded directly by state revenues, as well as local tax dollars.

- The cost of all governmental activities in 2020 was $1,673.0 million and, in 2019, was $1,706.4 million.
- However, the amount the District's taxpayers paid for these activities through property taxes was only $1,474.3 million in 2020 and $1,436.6 million in 2019.
- Those who directly benefited paid some costs of the programs ($12.4 million in 2020 and $9.6 million in 2019), with grants and contributions ($194.3 million in 2020 and $233.0 million in 2019) sharing the load.

Table A-3
Net Cost of Selected District Functions
(In Millions of Dollars)

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2020	2019	Change	2020	2019	Change
Instruction	$ 569.2	$ 570.7	(0%)	$ 482.7	$ 468.5	3%
School leadership	81.4	83.3	(2%)	68.4	68.6	(0%)
Plant maintenance and operations	87.8	88.4	(1%)	80.7	82.0	(2%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants and segregation for particular purposes.

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, the unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District's Governmental Funds reported combined ending fund balances of $388.6 million. Approximately 53% of this total amount ($204.3 million) is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate it is not available for new spending because it has already been committed for various purposes, including capital projects, repayment of debt, food service, wastewater plant and investment in inventories.

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was $268.5 million. Of this amount, $35.1 million is assigned for various projects and $0.3 million is nonspendable for investment in inventories. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total General Fund balance represents approximately 19% of total fund expenditures. The fund balance decreased by $19.8 million during the current fiscal year period.

The Debt Service Fund had a decrease in fund balance of $0.2 million during the current year to bring the year-end fund balance to $138.3 million. The decrease is primarily the result of current-year commercial paper issuances.

The Capital Projects Fund accounts for the construction of school buildings and improvements. At the end of the current fiscal year, the fund balance was ($19) million. In addition to $363.4 million related to construction costs, the District issued $12 million in commercial paper to fund capital projects. The commercial paper was redeemed prior to June 30, 2020.

General Fund Budgetary Highlights (See Exhibit G-1)

Over the course of the year, the District revised the General Fund annual revenue budget for changes in student counts, property tax assessed valuations adjustments, revised state formula funding amounts and federal program revenues. The total change was $17.6 million, or 1% of total revenues. The expenditure budget was revised during the year to refine estimates after the year had started. Significant changes occurred to the following functional areas of spending: Transportation, Curricular/Extracurricular Activities, Capital Outlay and Contracted Instructional Services between Schools (Recapture). The total change was $18.4 million, or 1% of total expenditures.

Revenues

An unfavorable variance in revenue was primarily due to the following:

- Local property tax collections were approximately $13.0 million less than anticipated due to lower projected collections.
- Other local revenues were approximately $1.4 million more than anticipated projections.
- State revenues were approximately $1.8 million more than anticipated projections.
- Federal revenues were approximately $5.6 million higher than anticipated projections.

Expenditures

A favorable variance in expenditures was primarily due to the following:

- Employee expenditures, including the related Texas Retirement System on behalf payments, were $15.7 million less than budgeted amounts primarily due to conservative budgeting practices where an allocated full-time employee is budgeted for the entire year and not reduced for vacancies in the position.
- The District spent $6.5 million less for facilities maintenance and operations than budgeted.
- The District spent $5.4 million less for other contracted services than budgeted.
- The District spent $3.7 million less for supplies and materials than budgeted.
- The District spent $0.9 million less for capital outlay than budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: At June 30, 2020, the District had invested $1,453.8 million in a broad range of capital assets, including land, equipment, buildings, vehicles and capital lease assets. (See Table A-4 below.)

Table A-4
District's Capital Assets
(In Millions of Dollars)

	Governmental Activities		Percentage
	2020	2019	Change
Land	$ 86.0	$ 88.5	(3%)
Buildings and improvements	1,336.0	1,041.9	28%
Furniture fixtures and equipment	31.8	30.7	4%
	$ 1,453.8	$ 1,161.2	25%

During the District's fiscal year 2019-2020, capital spending totaled $365.8 million in building and improvements and capital equipment. At June 30, 2020, the District is committed under contracts in the amount of approximately $317 million. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund. For more detailed information on capital assets, refer to Note 7 of the notes to the basic financial statements.

Debt administration: At June 30, 2020, the District had $1,261.5 million in long-term debt outstanding, as shown in Table A-5 (below). Additionally, the District is approved for the issuance of Austin Independent School District Commercial Paper Notes, Series A (Commercial Paper) in an aggregate principal amount not to exceed $150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by a revolving credit agreement with Sumitomo Mitsui Banking Corporation, acting through its New York Branch. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. The District had no outstanding Commercial Paper as of June 30, 2020.

Table A-5
District's Long-Term Debt
(In Millions of Dollars)

	Governmental Activities		Percentage
	2020	2019	Change
Bonds payable	$ 1,259.8	$ 1,359.4	(7%)
Notes and leases payable	1.7	2.1	(19%)
	$ 1,261.5	$ 1,361.5	(7%)

For more information on long-term debt, refer to Note 8 of the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2020-2021 budget. Among them:

- Property tax assessed values increased by an estimated 4.74%
- Fiscal year 2019-2020 fund balance carry forward ($314.7 million)
- District student enrollment (estimated 80,341)
- Employee salaries (2.0% raise)
- Health insurance plan ($3.0 million decrease)
- Expenditures for special education increase to meet new service requirements ($10 million)
- Chapter 49 Payments ($5.89 million decrease)

Expanded and new programs consist of the following:

- Additional CALT Allocations
- Full Implementation of Dual Language Through Mixed Language Classroom Relief
- Read-By-Three (Reading Academies)

Also considered in the development of the budget is the impact of local economy and inflation in the surrounding area.

Budgeted expenditures in the General Fund increased 6.6% to $867.2 million in fiscal year 2020-2021 net of Chapter 49 payments. Property taxes are expected to be the primary funding sources. The District's maintenance and operation tax rate is $1.009 per hundred dollars of assessed value for 2019-2020 and is proposed as $.9955 for the 2020-2021 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department.

Basic Financial Statements

Austin Independent School District

Exhibit A-1 Statement of Net Position
June 30, 2020

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 38,137,400
1120	Investments, including restricted amounts of $7,843,475	1,152,514,568
1225	Property taxes receivable, net	17,098,498
1240	Due from other governments	41,162,499
1250	Accrued interest	877,631
1290	Other receivables, net	8,395,696
1310	Inventories	5,592,592
1410	Prepaids and other assets	750,800
	Capital assets:	
1510	Land	86,041,589
1520	Buildings and improvements, net	1,029,657,167
1530	Furniture and equipment, net	31,805,064
1580	Construction in progress	306,286,634
1000	**Total assets**	2,718,320,138
	Deferred Outflows of Resources	
1701	Deferred loss on refunding	22,027,739
1705	Deferred outflow for TRS pension liability	55,954,973
1705	Deferred outflow for TRS OPEB liability	35,989,582
	Total deferred outflows of resources	113,972,294
	Liabilities	
2110	Accounts payable	73,970,239
2150	Payroll deductions and withholdings	14,539,624
2160	Accrued wages payable	41,537,850
2180	Due to other governments	651,965,740
2200	Accrued expenses	20,497,501
2300	Unearned revenues	1,624,887
	Noncurrent liabilities:	
2501	Due within one year	93,447,595
2502	Due in more than one year	1,179,119,461
2540	Net pension liability—District's share	118,517,031
2540	Net OPEB liability—District's share	302,775,488
2000	**Total liabilities**	2,497,995,416
	Deferred Inflows of Resources	
2605	Deferred inflow for TRS pension liability	42,436,075
2605	Deferred inflow for TRS OPEB liability	148,265,126
	Total deferred inflows of resources	190,701,201
	Net Position	
3200	Net investment in capital assets	508,771,296
3800	Restricted for:	
3850	Debt service	119,509,473
3820	Federal and state programs	4,559,228
3900	Unrestricted deficit	(489,244,182)
3000	**Total net position**	$ 143,595,815

See notes to basic financial statements.

Austin Independent School District

Exhibit B-1 Statement of Activities
Year Ended June 30, 2020

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Government activities:				
11	Instruction	$ 530,938,353	$ 1,858,510	$ 72,064,747	$ (457,015,096)
12	Instructional resources and media services	11,790,716	-	1,114,545	(10,676,171)
13	Curriculum and instructional staff development	26,508,518	-	11,539,756	(14,968,762)
21	Instructional leadership	17,631,124	-	3,661,159	(13,969,965)
23	School leadership	63,814,957	-	9,392,924	(54,422,033)
31	Guidance, counseling and evaluation services	32,439,649	-	6,568,214	(25,871,435)
32	Social work services	7,760,322	-	2,567,766	(5,192,556)
33	Health services	13,636,928	-	23,001,002	9,364,074
34	Student (pupil) transportation	38,071,538	-	8,662,684	(29,408,854)
35	Food services	40,546,090	5,283,360	29,338,299	(5,924,431)
36	Curricular/extracurricular activities	19,027,401	769,113	1,417,903	(16,840,385)
41	General administration	31,099,521	1,471,443	5,768,886	(23,859,192)
51	Plant maintenance and operations	87,776,831	-	7,086,470	(80,690,361)
52	Security and monitoring services	15,551,311	-	1,387,003	(14,164,308)
53	Data processing services	24,577,819	-	4,134,287	(20,443,532)
61	Community services	21,156,618	2,478,628	6,562,935	(12,115,055)
71	Interest on long-term debt	42,116,291	-	-	(42,116,291)
91	Contracted instructional services between schools	639,599,384	-	-	(639,599,384)
93	Payments related to shared services arrangements	-	498,329	-	498,329
99	Other intergovernmental charges	8,914,195	-	-	(8,914,195)
TG	**Total governmental activities**	1,672,957,566	12,359,383	194,268,580	(1,466,329,603)
TP	**Total primary government**	$ 1,672,957,566	$ 12,359,383	$ 194,268,580	(1,466,329,603)
	General revenues:				
MT	Property taxes—levied for general purposes				1,325,946,410
DT	Property taxes—levied for debt service				148,331,745
SF	State aid—formula grants				20,771,286
GC	Grants and contributions not restricted to specific programs				5,582,063
IE	Investment earnings				12,974,718
MI	Miscellaneous				9,656,986
MI	Gain on disposition of capital assets				27,999,074
TG	**Total general revenues**				1,551,262,282
CN	**Change in net position**				84,932,679
NB	Net position at beginning of period				58,663,136
NE	Net position at end of period				$ 143,595,815

See notes to basic financial statements.

Austin Independent School District

Exhibit C-1 Balance Sheet—Governmental Funds
June 30, 2020

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 38,006,929	$ 113,063	$ -	$ 17,405	$ 38,137,397
1120	Investments	922,212,307	138,245,892	37,369,110	3,635,599	1,101,462,908
1210	Property taxes—current	14,545,993	1,629,036	-	-	16,175,029
1220	Property taxes—delinquent	31,273,019	4,275,532	-	-	35,548,551
1230	Allowance for uncollectible taxes	(30,417,961)	(4,207,121)	-	-	(34,625,082)
1240	Due from other governments	22,964,873	5,110	-	18,192,516	41,162,499
1250	Accrued interest	877,631	-	-	-	877,631
1260	Due from other funds	57,840,132	-	497,318	9,559,984	67,897,434
1290	Other receivables	241,169	-	100	843,257	1,084,526
1300	Inventories	278,009	-	-	5,282,381	5,560,390
1410	Prepaids and other assets	800	-	750,000	-	750,800
1000	**Total assets**	$ 1,057,822,901	$ 140,061,512	$ 38,616,528	$ 37,531,142	$ 1,274,032,083
	Liabilities					
2110	Accounts payable	$ 57,794,555	$ -	$ 15,289,226	$ 2,939	$ 73,086,720
2150	Payroll deductions and withholdings	14,539,624	-	-	-	14,539,624
2160	Accrued wages payable	35,715,949	-	7,147	3,762,660	39,485,756
2170	Due to other funds	8,077,012	-	42,227,793	17,888,752	68,193,557
2180	Due to other governments	646,988,516	54,539	-	4,922,685	651,965,740
2300	Unearned revenues	-	-	-	1,624,887	1,624,887
2000	**Total liabilities**	763,115,656	54,539	57,524,166	28,201,923	848,896,284
	Deferred Inflows of Resources					
2600	Unavailable revenue—property taxes	15,962,499	1,678,810	-	-	17,641,309
2600	Unavailable revenue—grants	10,269,011	-	-	8,629,657	18,898,668
	Total deferred inflows of resources	26,231,510	1,678,810	-	8,629,657	36,539,977
	Fund Balances					
3410	Nonspendable	278,809	-	750,000	5,282,381	6,311,190
3480	Restricted	-	138,328,163	-	4,559,228	142,887,391
3500	Assigned	35,116,000	-	-	-	35,116,000
3600	Unassigned	233,080,926	-	(19,657,638)	(9,142,047)	204,281,241
3000	**Total fund balances**	268,475,735	138,328,163	(18,907,638)	699,562	388,595,822
4000	**Total liabilities, deferred inflows of resources and fund balances**	$ 1,057,822,901	$ 140,061,512	$ 38,616,528	$ 37,531,142	$ 1,274,032,083

See notes to basic financial statements.

Austin Independent School District

Exhibit C-2 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Data Control Codes			
	Total fund balances—Governmental Funds balance sheet	$	388,595,822
	Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
1	Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,453,790,454
2	Amount of interest on debt payable in August is required to be recognized in the statement of net position.		(20,497,500)
3	Revenue in governmental activities is recognized in the period earned.		36,539,977
4	Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net position.		46,717,123
5	Bonds and loans payable are not due and payable in the current period, and therefore, are not reported in the funds.		(1,261,504,751)
6	The accrual of vacation leave is not due and payable in the current period and, therefore, is not reported as expenditures in the governmental funds.		(2,023,884)
7	Unamortized loss on bond refunding in governmental activities, not reported in the governmental funds		22,027,739
8	Recognition of the District's proportionate share of the net pension liability, a deferred inflow of resources, and a deferred outflow of resources.		(104,998,133)
9	Recognition of the District's proportionate share of the OPEB liability, a deferred inflow of resources, and a deferred outflow of resources.		(415,051,032)
19	Net position of governmental activities	$	143,595,815

See notes to basic financial statements.

Austin Independent School District

Exhibit C-3 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
Year Ended June 30, 2020

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local and intermediate sources	$ 1,341,437,239	$ 150,304,785	$ 3,854,141	$ 15,532,174	$ 1,511,128,339
5800	State program revenues	58,076,608	483,444	-	8,555,740	67,115,792
5900	Federal program revenues	22,666,235	-	-	69,907,153	92,573,388
5020	**Total revenues**	1,422,180,082	150,788,229	3,854,141	93,995,067	1,670,817,519
	Expenditures					
	Current:					
0011	Instruction	449,638,199	-	-	29,059,307	478,697,506
0012	Instructional resources and media services	10,554,398	-	-	141,766	10,696,164
0013	Curriculum and instructional staff development	13,387,351	-	-	10,969,902	24,357,253
0021	Instructional leadership	13,392,906	-	-	2,585,901	15,978,807
0023	School leadership	53,617,199	-	-	3,893,800	57,510,999
0031	Guidance, counseling and evaluation services	25,378,393	-	-	3,974,209	29,352,602
0032	Social work services	4,860,214	-	-	2,125,764	6,985,978
0033	Health services	8,807,544	-	-	4,665,895	13,473,439
0034	Student (pupil) transportation	34,634,450	-	-	-	34,634,450
0035	Food services	-	-	-	37,653,207	37,653,207
0036	Curricular/extracurricular activities	17,424,105	-	-	30,295	17,454,400
0041	General administration	27,414,977	-	-	573,963	27,988,940
0051	Plant maintenance and operations	82,341,330	-	-	39,264	82,380,594
0052	Security and monitoring services	14,006,314	-	-	151,567	14,157,881
0053	Data processing services	22,624,353	-	-	357,791	22,982,144
0061	Community services	7,885,008	-	-	11,673,343	19,558,351
	Debt service					
0071	Principal on long-term debt	394,910	84,479,556	-	-	84,874,466
0072	Interest on long-term debt	65,354	51,947,875	-	-	52,013,229
0073	Bond issuance costs and fees	-	1,140,131	-	-	1,140,131
	Capital outlay					
0081	Capital outlay	3,021,634	-	363,399,760	349,663	366,771,057
	Intergovernmental					
0091	Contracted instructional services between schools	639,599,384	-	-	-	639,599,384
0099	Other intergovernmental charges	8,914,195	-	-	-	8,914,195
6030	**Total expenditures**	1,437,962,218	137,567,562	363,399,760	108,245,637	2,047,175,177
1100	**Excess (deficiency) of revenues over (under) expenditures**	(15,782,136)	13,220,667	(359,545,619)	(14,250,570)	(376,357,658)
	Other Financing Sources and (Uses)					
7911	Refunding bonds issued	-	66,590,000	-	-	66,590,000
7912	Proceeds from sale of capital assets	-	-	34,180,128	-	34,180,128
7915	Transfers in	-	-	12,000,000	3,723,607	15,723,607
7916	Premium on issuance of bonds	-	4,932,797	-	-	4,932,797
8911	Transfers out	(3,723,607)	(12,000,000)	-	-	(15,723,607)
8940	Payment to bond refunding escrow agent	-	(72,957,532)	-	-	(72,957,532)
8949	Other uses	(340,720)	-	-	-	(340,720)
7080	**Total other financing sources and (uses)**	(4,064,327)	(13,434,735)	46,180,128	3,723,607	32,404,673
1200	**Net change in fund balances**	(19,846,463)	(214,068)	(313,365,491)	(10,526,963)	(343,952,985)
0100	Fund balances at beginning of period	288,322,198	138,542,231	294,457,853	11,226,525	732,548,807
3000	Fund balances at end of period	$ 268,475,735	$ 138,328,163	$ (18,907,638)	$ 699,562	$ 388,595,822

See notes to basic financial statements.

Austin Independent School District

Exhibit C-4 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

Net change in fund balances—total Governmental Funds	$	(343,952,985)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($365,794,093), exceeded depreciation expense ($66,873,967), the cost of land sold ($2,883,976) and net asset removal ($3,297,078)		292,739,072
Bond and noncurrent loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and noncurrent loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which defeasance of principal ($66,590,000) and repayments of principal and loan principal ($84,847,466) exceeded debt proceeds ($66,590,000).		84,874,466
Governmental funds report the effect of premiums when the debt is first issued whereas these amounts are deferred and amortized over the life of the bonds in the statement of activities. This is the amount by which amortization ($15,981,521) exceeded current-year bond premium ($4,932,797) and defeasance of bond premiums ($4,105,338).		15,154,062
The amount of interest which is accrued, but not yet paid, for bond payments due in August is not recognized in the governmental funds. This is the net change in amount of interest payable.		(3,290,997)
Losses on refundings are not reported in the governmental funds, but are amortized over the life of the debt in the statement of activities. This is the amount of net change in the deferred loss on refunding between 2019 and 2020.		608,739
Delinquent property taxes and receivables not received within 60 days of year-end do not provide current financial resources in the funds, and as such, are recognized as deferred inflows in the governmental funds. This is the net change between 2019 and 2020.		19,290,692
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and are not considered a governmental fund. The difference is the amount of net income ($16,535,325), plus transfers in ($0).		16,535,325
Costs associated with the accrual of vacation and sick leave are recognized as expenditures in the governmental funds when matured. This is the amount of net change in the vacation accrual between 2019 and 2020.		(427,110)
GASB Statement No. 68 requires that certain expenditures be recorded as deferred resources. This is the amount by which pension expense ($10,618,676) and amortization of prior-year deferred inflows and outflows of resources ($11,980,275) exceeded the prior-year contributions ($7,979,972) and additional deferred items recognized in the current year ($5,127,560).		4,214,011
The adoption of GASB Statement No. 75 required certain expenditures be recorded as deferred resources. This is the amount by which OPEB expense ($20,271,272) and amortization of prior-year deferred inflows and outflows of resources ($36,446,830) exceeded the prior-year contributions ($4,543,904) and additional deferred items recognized in the current year ($21,532,058).		(812,596)
Change in net position of governmental activities—statement of activities	$	84,932,679

See notes to basic financial statements.

Austin Independent School District

Exhibit D-1 Statement of Net Position—Proprietary Funds
June 30, 2020

Data Control Codes		Governmental Activities—Internal Service Fund
	Assets	
	Current assets:	
	Cash and cash equivalents	$ 3
	Investments	51,051,660
	Due from other funds	382,148
	Other receivables	7,311,170
	Inventories	32,202
	Total current assets	58,777,183
1000	**Total assets**	58,777,183
	Liabilities	
	Current liabilities:	
	Accounts payable	883,519
	Accrued wages payable	28,210
	Due to other funds	86,026
	Claims payable—due within one year	7,820,000
	Total current liabilities	8,817,755
	Noncurrent liabilities:	
	Claims payable—due in more than one year	3,242,305
2000	**Total liabilities**	12,060,060
	Unrestricted net position	46,717,123
3000	**Total net position**	$ 46,717,123

See notes to basic financial statements.

Austin Independent School District

Exhibit D-2 Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended June 30, 2020

Data Control Codes		Governmental Activities—Internal Service Fund
	Operating Revenues	
5700	Charges for services	$ 90,599,189
	Total operating revenues	90,599,189
	Operating Expenses	
6100	Payroll costs	1,687,434
6200	Professional and contracted services	5,207,843
6300	Supplies and materials	117,787
6400	Insurance claims and expenses	62,120,843
6400	Other operating expenses	5,567,114
6030	**Total operating expenses**	74,701,021
	Operating income	15,898,168
	Nonoperating Revenues	
5742	Earnings from temporary deposits and investments	637,157
	Total nonoperating revenues	637,157
	Change in net position	16,535,325
0100	Net position at beginning of period	30,181,798
3300	Net position at end of period	$ 46,717,123

See notes to basic financial statements.

Austin Independent School District

Exhibit D-3 Statement of Cash Flows—Proprietary Funds
Year Ended June 30, 2020

	Governmental Activities—Internal Service Fund
Cash flows from operating activities:	
Payments to suppliers	$ (11,323,102)
Payments to employee salaries and benefits	(1,687,434)
Payments from other funds	91,253,570
Claims paid	(64,287,039)
Net cash provided by operating activities	13,955,995
Cash flows from noncapital financing:	
Interfund transactions	665,600
Net cash provided by noncapital financing	665,600
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	86,612,420
Outlays for purchase of investments	(101,872,272)
Interest income	637,157
Net cash used in investing activities	(14,622,695)
Net decrease in cash and cash equivalents	(1,100)
Cash and cash equivalents at beginning of period	1,103
Cash and cash equivalents at end of period	$ 3
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 15,898,168
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in:	
Decrease in accounts receivable	654,381
Decrease in inventories	14,094
Decrease in accounts payable and accrued wages payable	(444,448)
Decrease in claims payable	(2,166,200)
Net cash provided by operating activities	$ 13,955,995

See notes to basic financial statements.

Austin Independent School District

Exhibit E-1 Statement of Fiduciary Assets and Liabilities—Fiduciary Funds
June 30, 2020

Data Control Codes		Agency Funds
	Assets	
1110	Cash and cash equivalents	$ 9,615,559
	Investments	8,772,840
	Due from other governments	508,029
	Other receivables	83,176
1000	**Total assets**	$ 18,979,604
	Liabilities	
	Accrued wages	$ 127,102
	Due to other governments	7,720,233
2190	Due to student groups	11,132,269
2000	**Total liabilities**	$ 18,979,604

See notes to basic financial statements.

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Notes to Basic Financial Statements

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Note 1. Reporting Entity

This report includes the financial statements of the funds required to account for those activities, organizations and functions which are related to the Austin Independent School District (the District) and which are controlled by or dependent upon the District's governing body, the Board of Trustees (the Board). The Board, a nine-member group as a body corporate, has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties of the Board.

The District receives funding from local, state and federal government sources and must comply with the applicable requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity," as defined by the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. There are no component units reported within the reporting entity. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115.

Note 2. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all nonfiduciary activities of the District. The effect of the interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues, and grants and contributions used for capital requirements for a given function. During fiscal year 2020, the District did not receive any grants or contributions for capital for a given function. Program revenues include charges to customers, grants and contributions used for operational requirements. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings and intergovernmental revenues such as grants.

Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the District's funds, with separate statements for Governmental Funds, Proprietary Funds and Fiduciary Funds even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

Note 3. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units in conjunction with TEA's *Financial Accountability System Resource Guide* (FAR). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations or other appropriate requirements.

Governmental fund types: The District reports the following major Governmental Funds:

The General Fund is the fund that accounts for financial resources in use for general types of operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and any fund balances are considered as resources available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

The Debt Service Fund is the fund that accounts for the use of debt service taxes and other revenues collected for the purposes of retiring bond principal and paying interest on long-term general obligation debt and other long-term debt for which a tax has been dedicated. This fund is also used to record all activity resulting from bond transactions, including all fees. This is a budgeted fund.

The Capital Projects Fund is the fund that accounts for transfers from the Debt Service Fund related to proceeds from the sale of bonds restricted for capital improvements, and other revenues to be used for Board-authorized acquisition, construction, or renovations, as well as furnishing and equipping major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal. This fund is budgeted on a project basis.

Additionally, the District reports the following Nonmajor funds:

The Special Revenue Funds are the funds that account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods. This fund type also includes the following funds which are allowed to maintain a fund balance: food service operations, State Textbook Fund, High School Allotment, Campus Activity Fund, Permanent Fund, child care operations and scholarships. The Food Service Fund is the only Special Revenue Fund that is required to be budgeted and balances are to be used exclusively for allowable child nutrition program purposes.

Proprietary fund types: The Internal Service Fund, an unbudgeted fund, is the fund that accounts for the District's self-funding of workers' compensation claims, Campus Police, Print Shop, Laundry Services and Health and Dental Services. Revenues are generated in the Internal Service Fund through charges to various funds of the District. Internal Service Funds inherently create redundancy because their expenses are recorded a second time in the funds that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the Internal Service Funds are consolidated and interfund transactions are eliminated.

Note 3. Summary of Significant Accounting Policies (Continued)

Fiduciary fund types: Agency Funds, unbudgeted funds, are the funds that account for funds held by the District on behalf of student groups and other governments. This fund type has no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District.

B. Measurement Focus

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund type financial statements. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance of Governmental Funds is considered a measure of "available spendable resources." The Fiduciary Fund financial statement does not have a measurement focus.

C. Basis of Accounting

The government-wide financial statements and Proprietary Fund and Fiduciary Fund type financial statements follow 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 state aid are recognized as revenues as soon as all eligibility requirements imposed by the provider are met and qualifying expenditures have been incurred. School Health and Related Services are recorded as revenue as the related services are rendered, and other local revenues such as fees and activity charges are recorded as revenue when cash is received.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both available and measurable). Revenues other than grants are considered to be available when they are expected to be collected during the current budgetary period, or within 60 days thereafter, to pay liabilities outstanding at the close of the budgetary period. Revenues from state and federal grants are recognized as earned when they are expected to be collected within the current budgetary period, or within 60 days thereafter, and all eligibility requirements have been met. Funds received, but unearned, are reflected as unearned revenues, and funds expended, but not yet received, are shown as receivables. Interest revenue and building rentals are recorded when earned, since they are measurable and available. Other revenues such as fees, tuition, activity fees and miscellaneous revenues are recognized when measurable and available.

The District maintains a stabilization arrangement sufficiently adequate for fiscal cash liquidity purposes that will provide for sufficient cash flow to minimize the potential of short-term tax anticipation borrowing. This amount shall be equal to not less than 20% of the combined budgeted expenditures, net of local revenue in excess of entitlement, function 91 expenditures, of the District's General Fund.

Note 3. Summary of Significant Accounting Policies (Continued)

The stabilization arrangement balance represents balances available for appropriation at the discretion of the District's Board. However, the Board shall make every reasonable effort to use these unassigned funds for the following purposes, listed in order of priority:

1. To increase committed fund balances, as deemed necessary.

2. To increase assigned fund balances, as deemed necessary.

3. To use as beginning cash balance in support of the annual budget.

The District's Board recognizes that any such funds should be appropriated for nonrecurring expenditures, as they represent prior-year surpluses that may or may not materialize in subsequent fiscal years.

When the District incurs an expenditure in governmental funds for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then from less restrictive classifications; committed and assigned, then unassigned fund balance, unless the District's Board has provided otherwise in its assignment actions.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except expenditures for debt service, including unmatured interest on long-term debt and compensated absences. Expenditures for principal and interest on long-term debt and compensated absences are recognized when matured.

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

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Funds are health, dental and workers' compensation insurance premiums to participate in the District's self-insured health and workers' compensation programs. The principal operating expenses for the Internal Service Funds include the cost of health, dental and workers' compensation claims and administrative charges. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank deposit accounts and nonparticipating certificates of deposit (CDs) owned with original stated maturities of three months or less.

Note 3. Summary of Significant Accounting Policies (Continued)

E. Investments

State statutes and Board policy authorize the District to invest any and all of its funds in fully collateralized CDs, direct debt securities of the United States of America or the state of Texas, other obligations the principal and interest of which are unconditionally guaranteed by the state of Texas or the United States, fully collateralized direct repurchase agreements, bankers' acceptances, local government investment pools, money market mutual funds, and other investments specifically allowed by Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) and Sections 23.80 and 20.42 of the Texas Education Code (TEC). The District participates in several local government investment pools, and has investments primarily in U.S. Treasuries, corporate commercial paper, U.S. agency securities, savings accounts and CDs. The District accrues interest on local government investment pools, savings accounts and nonparticipating CDs based on the terms and interest rates of the specific investments. The District's policy is to report local government investment pools that meet the criteria of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* (Statement No. 79), at the pool's net asset value (NAV), which is based on amortized cost. Nonparticipating CDs are reported at amortized cost plus accrued interest.

The District carries investments in debt securities and local government investment pools that do not meet the criteria of GASB Statement No. 79 at fair value using other observable significant inputs, including but not limited to, quoted prices for similar securities, interest rates, and fixed-income pricing models. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

F. Due From (To) Other Funds

Interfund receivables and payables arise from interfund receipts or disbursements of cash and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

G. Inventories

Inventory of materials and supplies are carried on the basis of the last invoice cost, which approximates first-in, first-out cost, and are subsequently charged to budgetary expenditures when consumed. Inventories include plant maintenance and operating supplies, as well as instructional materials. These inventories are offset at year-end by a nonspendable fund balance, which indicates they do not represent "available spendable resources."

Donated commodities in inventory at June 30, 2020, totaled $577,312.

H. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Note 3. Summary of Significant Accounting Policies (Continued)

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

Asset Class	Estimated Useful Lives
Buildings and improvements	30 years
Furniture and equipment	5-10 years
Vehicles	5-7 years
Property under capital leases	10 years
Buses	8-10 years
Computer software and equipment	3-7 years
Portable buildings	10 years

I. Due To Other Governments

Due to other governments includes amounts due to other entities from the District, primarily related to Local Revenue in Excess of Entitlement, previously known as recapture payments.

J. Compensated Absences

The state of Texas has created a minimum sick leave program consisting of five days of personal leave per year that may be used for illness or discretionary personal leave with no limit on accumulation and transferability among districts for every eligible employee regularly employed in Texas public schools.

Each district's local board of education is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum. The District's policy provides six to eight additional sick leave days per year depending on the number of duty days scheduled to work during the school year.

Accumulated state leave at the end of the year remains in the employee's state personal leave account. Additional sick leave days provided by the District do not vest; therefore, at fiscal year-end, no liability exists.

Teachers do not receive paid vacation, but are paid only for the number of days they are required to work each year. All regular employees are entitled to an annual vacation. In the government-wide financial statements, the District has a liability for unused vacation and sick leave pay for regular employees for all vacation and state sick leave earned as of June 30, 2020. The District allows unused vacation days to carry over through December 31, then it is lost.

Note 3. Summary of Significant Accounting Policies (Continued)

A summary of changes in compensated absences for the year ended June 30, 2020, is as follows:

June 30, 2019 balance	$ 1,596,774
Increases	2,420,234
Decreases	(1,993,124)
June 30, 2020 balance	$ 2,023,884
Amount due within one year	$ 2,023,884

The balance at June 30, 2020, is included in Accrued Wages Payable in the government-wide statement of net position.

K. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. 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.

The District participates in the Texas Association of School Boards Modified Self-Funded program for its vehicle liability insurance. The District has commercial insurance for all other risks of loss, except vehicle liability insurance, workers' compensation, employee health benefits, employee life, dental and accident insurance.

During fiscal year 2020, employees of the District were covered by a self-funded health insurance plan provided by Aetna. District employees were offered a choice of two PPO plans and one HSA plan with two networks (Seton only, Open Access and HSA Seton). Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity.

L. Encumbrances

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance, but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget. The General Fund, Debt Service Fund, Capital Projects Fund and Nonmajor Fund had no outstanding encumbrances at June 30, 2020.

Note 3. Summary of Significant Accounting Policies (Continued)

M. Fund Balance and Net Position

The District reports the following types of Governmental Fund balances: committed, nonspendable, restricted, assigned and unassigned.

- Nonspendable fund balances are those that are not in a spendable form.

- Restricted fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e., debt covenants), grantors, contributors or laws/regulations of other governments or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party.

- The committed fund balance consists of funds that may be used only for a specific purpose, pursuant to constraints imposed by a formal action (resolution) of the District's Board. The purpose for the funds can be changed only by formal action of the District's Board.

- Assigned fund balances are those that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances do not require District Board formal action and may be specified as "intent" simply through the budgeting process that the resources from these funds be spent for specific purposes within the fund. By Board policy, the assigned fund balance may be designated by the Board or by the Board's designees, the Superintendent or the Chief Financial Officer.

- Unassigned fund balances are those within the General Fund and represent fund balances or deficit in fund balances that have not been restricted, committed or assigned.

In the Governmental Fund financial statements, unassigned fund balances indicate available amounts for the budgeting of future operations. Restricted and assigned fund balances are that portion of fund balance which is not available for appropriation, or which has been legally separated for specific purposes. Designations of fund balance as nonspendable, restricted, committed, assigned or unassigned are the representations of management for the utilization of financial resources in future periods.

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws through constitutional provision or enabling legislation.

N. Data Control Totals

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

Note 3. Summary of Significant Accounting Policies (Continued)

O. Unearned Revenue

The unearned revenue on the balance sheet of the General Fund, Debt Service Fund and the Nonmajor Governmental Funds primarily relates to donated commodity inventory, pre-payments for school lunch tickets in the child nutrition program Special Revenue Fund, and unearned cost reimbursement grant revenues related to the vocational education, child care and other grants that support student academic success. These funds were received before all eligibility requirements have been met.

P. Prepaid Items

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

Q. Use of Estimates

The preparation of financial statements in accordance with GAAP requires the District's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

R. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows/inflows of resources. These separate financial statement elements represent a consumption/ acquisition of net position that applies to a future period(s) and will not be recognized as an outflow/inflow of resources (expense/revenue) until that time. Governments are only permitted to report deferred outflows/inflows of resources in circumstances specifically authorized by GASB. Typical deferred outflows/inflows of resources for the District relate to pensions, OPEB and deferred charges on refunded debt. The deferred inflows of resources on the balance sheet of the General Fund and Debt Service Fund primarily relates to unavailable uncollected accounts receivable and property taxes, less the allowance for doubtful accounts.

S. Pensions

The fiduciary net position of the Teachers Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' 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.

T. Accrued Wages Payable

Depending on the district calendar and timing of the end of the school year, the actual number of days most employees work in June is less than 30. In order for these employees' pay streams to be unaffected, most of which are teachers, they are still paid one-twelfth of their yearly contract amount in June. As of June 30, salaries that have been earned, but that will be paid in July and August, are recorded as accrued wages payable.

Note 3. Summary of Significant Accounting Policies (Continued)

U. Other Post-Employment Benefits

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

V. Future GASB Implementations

GASB Statement No. 84, *Fiduciary Activities*, issued February 2017, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement 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 post-employment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the District beginning with its fiscal year ending June 30, 2022, with earlier adoption encouraged. GASB Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the District must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements) and leases with related parties.

Management is currently evaluating the impact, if any, these pronouncements will have on the financial statements of the District.

Note 4. Deposits and Investments

Deposits: Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover its collateral securities that are in the possession of an outside party. The District's policies and state law require the District's funds to be deposited under the terms of a depository contract, the terms of which are set out in depository contract law. The depository bank may either place approved pledged securities for safekeeping with the District's agent or file a corporate surety bond in an amount greater than or equal to the District's deposits. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) coverage.

Note 4. Deposits and Investments (Continued)

At June 30, 2020, all District deposits were with the contracted depository bank in accounts which were secured at the balance sheet date by FDIC coverage and by pledged securities, as approved by the School Depository Act, held by the District's agent, Wells Fargo Bank, N.A., in the name of the District, as described below.

At June 30, 2020, including student activity fund balances of $9,615,559, the District had a general ledger balance of $47,752,959, while the total of bank balances equaled $53,179,076. Of the bank balances, $2,000,000 is covered by federal depository insurance, and the remainder was covered by $61,675,500 of collateral pledged in the District's name.

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

1. Name of bank: Wells Fargo Bank, N.A.

2. The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was a deficit of $61,675,500.

3. The largest deposit combined account balance totaled $53,507,893 and occurred during the month of June 2020.

4. Total amount of FDIC coverage at the time of the largest combined balance was $2,000,000.

Investments: The District categorizes its fair value measurement disclosures within the fair value hierarchy established by GAAP. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability in three broad categories. Levels 1, 2 and 3 (lowest priority level) of the fair value hierarchy are defined as follows.

Level 1: Inputs using unadjusted quoted prices in active markets or exchanges in identical assets or liabilities.

Level 2: Significant other observable inputs, which may include, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in nonactive markets; and inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Valuations for which one or more significant inputs are unobservable and may include situations where there is minimal, if any, market activity for the asset or liability.

If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. The District's assessment of significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Investments measured at fair value using NAV per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy.

Note 4. Deposits and Investments (Continued)

The District's investments, including restricted assets, at June 30, 2020, are as follows:

	June 30, 2020	Level 1	Level 2	Level 3
Investments by fair value level:				
Debt securities:				
Corporate Commercial Paper	$ 39,993,000	$ -	$ 39,993,000	$ -
State and Local Government Securities	32,523,737	-	32,523,737	-
Federal Home Loan Mortgage Corporation	1,359,113	-	1,359,113	-
Government National Mortgage Association	7,312,679	-	7,312,679	-
Federal National Mortgage Association	831,061	-	831,061	-
Small Business Administration	3,590,868	-	3,590,868	-
Total debt securities	85,610,458	-	85,610,458	-
External investment pools:				
Texas CLASS	116,769,868	-	116,769,868	-
TexStar	2,303	-	2,303	-
Total investment pools	116,772,171	-	116,772,171	-
Total investments by fair value level	202,382,629	$ -	$ 202,382,629	$ -
Investments measured at NAV:				
LoneStar	350,512,687			
Texas Term	266,584,362			
TexPool	340,225,079			
Total investments measured at NAV	957,322,128			
Investments measured at amortized cost:				
Savings accounts	1,582,651			
Total investments	$ 1,161,287,408			

Debt securities and external investment pools classified as Level 2 of the fair value hierarchy are valued using other observable significant inputs based on third-party fixed-income pricing models. Investments in local government investment pools that meet the criteria of Statement No. 79 are measured at each pool's published NAV per share, which is based on amortized cost.

Investment objectives: The primary objective of the District's investment activity is to provide the highest reasonable market return with the maximum security, while meeting daily cash flow requirements and conforming to all applicable state laws.

The District's investment policy contains investment strategies for each accounting fund of the District. The investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue, a specific class of securities or a specific institution.

Note 4. Deposits and Investments (Continued)

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the District. To help mitigate credit risk, the District's investment officer is to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings. As of June 30, 2020, the District held $1,074,094,299 in external investment pools, all of which were rated AAA by Standard & Poor's. In addition, as of June 30, 2020, the District had the following investments subject to credit risk:

Investment Type	AAA	AAAf	AA	A+	A	A-1	Total
Commercial Paper	$ -	$ -	$ -	$ -	$ -	$ 39,993,000	$ 39,993,000
State and Local Government Securities	3,419,890	24,100,800	-	-	5,003,047	-	32,523,737
Federal Home Loan Mortgage Corporation	-	-	1,359,113	-	-	-	1,359,113
Federal National Mortgage Association	-	-	-	831,061	-	-	831,061
	$ 3,419,890	$ 24,100,800	$ 1,359,113	$ 831,061	$ 5,003,047	$ 39,993,000	$ 74,706,911

Custodial credit risk: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the District and are held by the counterparty, its trust or agent, but not in the District's name. The District's investment securities are not exposed to custodial credit risk because all securities held by the District's custodial banks are in the District's name.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy requires the investment portfolio be diversified in terms of investment instruments, maturities and financial institutions to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer. For those investments subject to concentration of credit risk, as of June 30, 2020, the District had none that exceeded 5%.

Interest rate risk: Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. As a means of limiting the exposure to fair value losses that could occur from rising interest rates, the District's investment policy limits the maturity of investments to no longer than one year, except for the Capital Projects Fund, which is one and one-half years.

As of June 30, 2020, the District's investments in debt securities mature as follows:

	Investment Maturities (in Days)				
Investment Type	90 Days or Less	91 to 180 Days	181 to 365 Days	Greater Than 365 Days	Fair Value
Corporate Commercial Paper	$ 39,993,000	$ -	$ -	$ -	$ 39,993,000
State and Local Government Securities	29,103,847	-	3,419,890	-	32,523,737
Federal Home Loan Mortgage Corporation	-	-	-	1,359,113	1,359,113
Government National Mortgage Association	-	-	-	7,312,679	7,312,679
Federal National Mortgage Association	-	-	-	831,061	831,061
Small Business Administration	-	-	-	3,590,868	3,590,868
Total debt securities	$ 69,096,847	$ -	$ 3,419,890	$ 13,093,721	$ 85,610,458

Note 4. Deposits and Investments (Continued)

Texas Local Government Investment Pool (TexPool): TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor's and has a weighted-average maturity of 33 days.

TexPool meets the requirements of GASB Statement No. 79 and, as such, measures its investments at amortized cost.

Lone Star Investment Pool (Lone Star): Lone Star is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member board of trustees and, pursuant to the investment agreement, the board of trustees is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an advisory board. The purpose of the advisory board is to gather and exchange information from participants and nonparticipants relating to Lone Star's operations. The Board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of Lone Star's operations. Standard & Poor's rates money market funds and has rated Lone Star as AAA. The District participates in the Government Overnight Fund and the Corporate Overnight Fund offered by Lone Star. The Government Overnight Fund and the Corporate Overnight Fund have a weighted-average maturity of 35 days and 43 days, respectively.

The two Lone Star funds the District participates in both meet the requirements of GASB Statement No. 79 and, as such, the District measures its investments at amortized cost.

TexasTERM (TexasDAILY) Investment Pool: TexasDAILY is a public funds investment pool established by the TexasTERM Local Government Investment Pool (TexasTERM) advisory board, pursuant to provisions of the TexasTERM Common Investment Contract that established the TexasTERM Local Government Investment Pool and the series known as TexasDAILY. TexasDAILY was organized in conformity with the Interlocal Cooperation Act, Chapter 791, Texas Government Code and the Public Funds Investment Act, Chapter 2256, Texas Government Code. An advisory board, composed of participants and nonparticipant members elected by the participant shareholders of TexasTERM, is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. The investment advisor and administrator for TexasDAILY is PFM Asset Management, LLC. TexasTERM and TexasDAILY are rated AAAm by Standard & Poor's. TexasDAILY has a weighted-average maturity of 55 days.

TexasTERM meets the requirements of GASB Statement No. 79 and, as such, measures its investments at amortized cost.

Note 4. Deposits and Investments (Continued)

TexSTAR Investment Pool (TexSTAR): TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units, and is governed by a board of directors to provide for the joint investment of participants' public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JPMorgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR's investment manager will maintain the dollar weighted-average maturity of 60 days or less, and the maximum stated maturity for any obligation of the United States, its agencies or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAm by Standard and Poor's. TexSTAR has a weighted-average maturity of 33 days.

TexSTAR does not meet the requirements of GASB Statement No. 79 and, as such, measures its investments at fair value. The District, as a participant in TexSTAR, measures its investment in the pool at fair value determined by the pool.

Texas CLASS Investment Pool: The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

Texas CLASS is overseen by the Texas CLASS board of trustees, comprised of active members of the pool and elected by the Participants, guided by the advisory board. The Board is responsible for selecting the Administrator and Investment Advisor.

Texas CLASS is rated AAAm by Standard and Poor's and has a weighted-average maturity of 64 days.

Texas CLASS does not meet the requirements of Statement No. 79 and, as such, measures its investments at fair value. The District, as a participant in Texas CLASS, measures its investment in the pool at fair value determined by the pool.

Note 5. Property Taxes

In accordance with Texas statutes, the Board of the District approves a tax rate and order to levy taxes in August of each year. Property taxes are billed by the county tax assessor collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of the year following the District's order to levy taxes (the assessment date), a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as a lien on the assessed property. In the government-wide financial statements, property tax revenue is recognized as earned, net of an allowance for uncollectible taxes. In the Governmental Fund financial statements, property tax revenues are considered available when they become due and receivable within the current period, or within 60 days of year-end.

Note 5. Property Taxes (Continued)

The final assessed value at January 1, 2019, upon which the October 2019 levy was based, was $133,687,895,288. The tax rates assessed for the fiscal year ended June 30, 2020, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $1.009 and $0.113 per $100 valuation, respectively, for a total of $1.122 per $100 of assessed valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written-off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

As of June 30, 2020, property taxes receivable, net of estimated uncollectible taxes, totaled $15,401,051 and $1,697,447 for the General and Debt Service Funds, respectively.

Note 6. Receivables From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the state through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2020, for the District's major fund and nonmajor funds are summarized below. All federal grants shown below are passed through TEA and are reported in the basic financial statements as receivable from other governments.

Fund	Local Entities	State Grants and Other	Federal Grants	Total
General Fund	$ 1,895,675	$ 20,411,805	$ 657,393	$ 22,964,873
Debt Service Fund	5,110	-	-	5,110
Nonmajor Fund	886,189	16,340,287	966,040	18,192,516
	$ 2,786,974	$ 36,752,092	$ 1,623,433	$ 41,162,499

Note 7. Changes in Capital Assets

The following summarizes the change in capital assets for the fiscal year ended June 30, 2020:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 88,542,015	$ 383,550	$ (2,883,976)	$ 86,041,589
Construction in progress	119,503,669	355,811,820	(169,028,855)	306,286,634
Total capital assets not being depreciated	208,045,684	356,195,370	(171,912,831)	392,328,223
Capital assets being depreciated:				
Buildings and improvements	1,830,826,954	169,028,855	(11,688,110)	1,988,167,699
Furniture and equipment	84,714,141	9,598,723	(3,494,236)	90,818,628
Total capital assets being depreciated	1,915,541,095	178,627,578	(15,182,346)	2,078,986,327
Less accumulated depreciation for:				
Buildings and improvements	(908,481,461)	(58,528,572)	8,499,501	(958,510,532)
Furniture and equipment	(54,053,936)	(8,345,395)	3,385,767	(59,013,564)
Total accumulated depreciation	(962,535,397)	(66,873,967)	11,885,268	(1,017,524,096)
Total capital assets being depreciated, net	953,005,698	111,753,611	(3,297,078)	1,061,462,231
Governmental activities capital assets, net	$ 1,161,051,382	$ 467,948,981	$ (175,209,909)	$ 1,453,790,454

Depreciation expense for the fiscal year ended June 30, 2020, was charged to functions/programs of primary government activities as follows:

Instruction	$ 39,197,525
Instructional resources and media services	851,798
Curriculum and instructional staff development	1,651,319
Instructional leadership	1,281,610
School leadership	4,877,670
Guidance, counseling and evaluation services	2,398,523
Social work services	596,615
Health services	125,649
Student (pupil) transportation	2,645,953
Food services	2,063,538
Curricular/extracurricular activities	1,231,475
General administration	2,178,080
Plant maintenance and operations	4,188,677
Security and monitoring services	1,080,909
Data processing services	1,272,023
Community services	1,232,603
	$ 66,873,967

Note 8. Long-Term Obligations

Long-term obligations include par bonds and loans, self-insurance claims payable, net pension liability and net OPEB liability. At June 30, 2020, the District's debt limitation under local policies, which represents 10% of the District's total assessed property value for school tax purposes, is $13,368,789,528, and the District's legal debt margin is 1.04%.

The following is a summary of changes in long-term obligations (including general obligation bonds, loans, self-insurance claims payable, net pension liability and net OPEB liability) for the fiscal year ended June 30, 2020:

	Bonds Payable	Loans Payable	Self-Insurance Claims Payable	Net Pension Liability	Net OPEB Liability
Balance at June 30, 2019	$ 1,359,385,880	$ 2,147,399	$ 13,228,505	$ 127,858,602	$ 323,494,950
Additions—bond premium	4,932,797	-	-	-	-
Current-year claims and/or changes in estimates	-	-	59,924,447	-	-
Bond issuances	66,590,000	-	-	-	-
Retirements	(84,479,556)	(394,910)	-	-	-
Bonds payable and premium defeased	(70,695,338)	-	-	-	-
Claim payments	-	-	(62,090,647)	-	-
Amortized bond premium	(15,981,521)	-	-	-	-
Additions, net pension/OPEB expense	-	-	-	10,618,676	20,271,272
Reductions, net deferred resources	-	-	-	(11,980,275)	(36,424,562)
Reductions—prior-year contributions	-	-	-	(7,979,972)	(4,566,172)
Balance at June 30, 2020	$ 1,259,752,262	$ 1,752,489	$ 11,062,305	$ 118,517,031	$ 302,775,488
Amount due within one year	$ 85,220,704	$ 406,891	$ 7,820,000	$ -	$ -

The District primarily liquidates debt through the Debt Service Fund. Self-insurance liabilities are liquidated through the Internal Service Fund. The net pension liability and net OPEB liability will be liquidated in future years by the General Fund.

Note 8. Long-Term Obligations (Continued)

The following is a summary of the interest rates and original issue amounts for the District's long-term debt as of June 30, 2020:

Description	Interest Rate Payable	Amounts Original Issue
Bonded indebtedness:		
2006 Unlimited Tax School Qualified Zone Academy Bonds	0.00%	$ 6,408,071
2008 Unlimited Tax School Qualified Zone Academy Bonds	0.00%	2,442,131
2008 Unlimited Tax Refunding Bonds	4.00%-5.25%	100,000,000
2009 Unlimited Tax Refunding Bonds	2.00%-5.00%	99,495,000
2010A Unlimited Tax Refunding Bonds	2.50%-5.00%	25,165,000
2010B Unlimited Tax Refunding Bonds	3.68%-5.24%	58,315,000
2011 Unlimited Tax Refunding Bonds	2.00%-5.00%	91,625,000
2013A Unlimited Tax Refunding Bonds	1.50%-5.50%	101,100,000
2013B Unlimited Tax Refunding Bonds	0.443%-2.333%	8,555,000
2014A Unlimited Tax Refunding	2.00%-5.00%	54,815,000
2014B Unlimited Tax Refunding	5.00%	89,595,000
2015A Unlimited Tax Refunding	3.15%-5.00%	63,110,000
2015B Unlimited Tax Refunding	5.00%	87,295,000
2015 Unlimited Qualified School Construction Bonds	0.00%	24,078,000
2016A Unlimited Tax Refunding	4.00%-5.00%	100,230,000
2016B Unlimited Tax Refunding	4.00%-5.00%	180,395,000
2016C Unlimited Tax Refunding	5.00%	43,620,000
2017 Unlimited Tax Refunding	2.50%-5.00%	218,960,000
2019 Unlimited Tax School Building & Refunding Bonds	4.00%-5.00%	298,180,000
2020 Unlimited Tax Refunding	1.822%-4.000%	66,590,000
		$ 1,719,973,202

Note 8. Long-Term Obligations (Continued)

Bonds payable consists of the following:

Description	Amounts Outstanding June 30, 2019	Additions Current Year	Retired Current Year	Refunded Current Year	Amounts Outstanding June 30, 2020
Bonded indebtedness:					
Building bonds:					
2005B Unlimited Tax School Qualified Zone Academy	$ 4,491,923	$ -	$ (4,491,923)	$ -	$ -
2006 Unlimited Tax School Qualified Zone Academy	6,408,071	-	-	-	6,408,071
2008 Unlimited Tax School Qualified Zone Academy	763,168	-	(152,633)	-	610,535
2009 Unlimited Tax Building and Refunding	3,190,000	-	(3,190,000)	-	-
2010 Unlimited Tax Refunding	58,315,000	-	(2,705,000)	-	55,610,000
2011 Unlimited Tax Refunding	5,535,000	-	(2,700,000)	-	2,835,000
2013A Unlimited Tax Refunding	56,195,000	-	(3,325,000)	(45,795,000)	7,075,000
2013B Unlimited Tax Refunding	2,350,000	-	(2,350,000)	-	-
2014A Unlimited Tax Refunding	46,010,000	-	(2,095,000)	(20,795,000)	23,120,000
2014B Unlimited Tax Refunding	78,200,000	-	(8,840,000)	-	69,360,000
2015A Unlimited Tax Refunding	58,755,000	-	(2,330,000)	-	56,425,000
2015B Unlimited Tax Refunding	87,295,000	-	(3,145,000)	-	84,150,000
2015 Unlimited Tax Qualified School Construction Bonds	24,078,000	-	-	-	24,078,000
2016A Unlimited Tax Refunding	65,380,000	-	(2,360,000)	-	63,020,000
2016B Unlimited Tax Refunding	164,070,000	-	-	-	164,070,000
2016C Unlimited Tax Refunding	43,620,000	-	-	-	43,620,000
2017 Unlimited Tax Building and Refunding	208,520,000	-	(46,795,000)	-	161,725,000
2019 Unlimited Tax Building and Refunding	298,180,000	-	-	-	298,180,000
2020 Unlimited Tax Refunding	-	66,590,000	-	-	66,590,000
Bond premium	148,029,718	4,932,797	(15,981,521)	(4,105,338)	132,875,656
Total bond indebtedness	$ 1,359,385,880	$ 71,522,797	$ (100,461,077)	$ (70,695,338)	$ 1,259,752,262

The bonds issued by the District constitute direct obligations of the District, payable from a continuing, direct annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property within the District.

At June 30, 2020, approximately 81% of outstanding bonds issued by the District are guaranteed by the Texas Permanent School Fund Permanent School Fund Guarantee Program (Program). Through the Program, the Texas Permanent School Fund (TPSF) pledges to guarantee bonds issued by Texas school districts; thus, enhancing their credit rating. Bonds issued under the Program are rated AAA; thus, allowing participating school districts to borrow at a lower cost.

There are no specific events of default, other than nonpayment of principal or interest, established with respect to the bonds. In the event of default, holders of guaranteed school district bonds will receive all payments due on the bonds from the corpus of the Permanent School Fund. If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the District's default.

Note 8. Long-Term Obligations (Continued)

Presented below is a summary of general obligation bonds requirements to maturity:

	Principal	Interest	Total
Years ending June 30:			
2021	$ 85,220,704	$ 48,117,227	$ 133,337,931
2022	47,717,633	45,319,867	93,037,500
2023	50,202,633	42,942,779	93,145,412
2024	52,507,636	40,462,568	92,970,204
2025	54,810,000	37,841,528	92,651,528
2026-2030	307,510,000	146,288,015	453,798,015
2031-2035	348,808,000	69,036,401	417,844,401
2036-2040	180,100,000	14,365,017	194,465,017
	$ 1,126,876,606	$ 444,373,402	$ 1,571,250,008

On March 31, 2020, the District issued $66,590,000 of Unlimited Tax Refunding Bonds, Taxable Series 2020. Proceeds from the bonds were used to refund $66,590,000 of the District's currently outstanding bonds. This refunding transaction resulted in a cash flow savings of $15,492,470 and an economic gain (net present value savings) of $13,401,702 over the life of the bonds.

There are a number of limitations and restrictions contained in the District's general obligation bond indenture. Management of the District believes it is in compliance with all significant limitations and restrictions at June 30, 2020.

The District entered into a loan agreement in April 2012 with the State Energy Conservation Office—General Services Commission. The District will repay the loan amount, plus interest at 3%. The loan will be repaid as follows:

Fiscal Years	Principal	Interest	Total
2021	$ 406,891	$ 53,372	$ 460,263
2022	419,236	41,028	460,264
2023	431,955	28,308	460,263
2024	445,061	15,203	460,264
2025	49,346	1,707	51,053
	$ 1,752,489	$ 139,618	$ 1,892,107

During fiscal year 2020, interest expense and cash paid for interest for loans and general obligation bonds totaled $52,013,229.

Note 9. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another fund. Interfund balances at June 30, 2020, consisted of the following fund receivables and payables:

	Due From	Due To
Major Fund—General:		
Capital Projects	$ 42,227,793	$ -
Nonmajor	15,526,423	7,847,803
Internal Service	85,916	229,208
Total General Fund	57,840,132	8,077,011
Major Fund—Capital Projects:		
General	-	42,227,793
Nonmajor	497,318	-
Total Capital Projects Fund	497,318	42,227,793
Nonmajor Funds:		
General	7,847,803	15,526,423
Nonmajor	1,712,071	1,712,071
Capital Projects		497,318
Internal Service	110	152,940
Total Nonmajor Funds	9,559,984	17,888,752
Internal Service Fund:		
General	229,208	85,916
Nonmajor	152,940	110
Total Internal Service Fund	382,148	86,026
Total all funds	$ 68,279,582	$ 68,279,582

During the year, the Debt Service Fund transferred $12,000,000 to the Capital Projects Fund to retire commercial paper, and the General Fund transferred $3,723,607 to Nonmajor Funds to fund the Food Service Fund. See Note 15 for more information on the District's commercial paper notes.

Note 10. Commitments and Contingencies

At June 30, 2020, the District is committed under contracts in the amount of approximately $317 million. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund.

The District participates in a number of federal financial assistance programs. Although the District's grant programs are audited annually in accordance with the provisions of the Single Audit Act Amendments and Subpart F of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District leases certain building facilities and equipment on a year-to-year basis. Total rent expenditures for the year ended June 30, 2020, was $3,704,772. These leases are considered for accounting purposes to be operating leases.

The District has been named in several civil lawsuits. The outcome of these pending cases cannot presently be determined; however, the District plans to vigorously contest each action. In the opinion of management, disposition of these lawsuits will have no material adverse effect on the financial position of the District.

The Travis County Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future. The District believes any refunds of taxes associated with contested property values would not be material to the financial statements.

Note 11. Defined Benefit Pension Plan

A. 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 TRS. It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Note 11. Defined Benefit Pension Plan (Continued)

B. Pension Plan Fiduciary Net Position

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

C. 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% (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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustment (COLA). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature, as noted in the plan description in (A) above.

D. Contributions

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

Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Note 11. Defined Benefit Pension Plan (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 85th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2019 and 2020 would remain the same.

Contribution Rates

	2020	2019
Member	**7.7%**	7.7%
Nonemployer Contributing Entity (State) (NECE)	**6.8%**	6.8%
Employers	**6.8%**	6.8%
District's employer contributions	**$ 7,979,972**	$ 8,373,441
District's member contributions	**$ 42,221,970**	$ 42,423,763
District's NECE contributions	**$ 28,349,228**	$ 37,465,141

Contributors to the plan include members, employers and the state of Texas as the only nonemployer 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 GAA.

As the nonemployer 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 schools, junior colleges, 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 TEC.
- 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 noneducational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the TRS the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 11. Defined Benefit Pension Plan (Continued)

- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100.0% of the state contribution rate for all other employees.

E. Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019 and was determined using the following actuarial assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate as of August 2019	2.63% 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 including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The active mortality rates were based on 90% 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).

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2018, and adopted July 2019.

Note 11. Defined Benefit Pension Plan (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active plan members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments to current plan members. As a result, 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 expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2019, are summarized below:

Asset Class	Fiscal Year 2019 Target Allocation*	New Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	
Global Equity:				
U.S.	18%	18%	6.40%	
Non-U.S. Developed	13%	13%	6.30%	
Emerging Markets	9%	9%	7.30%	
Directional Hedge Funds	4%	0%	0.00%	
Private Equity	13%	14%	8.40%	
Stable Value:				
U.S. Treasuries****	11%	16%	3.10%	
Stable Value Hedge Funds	4%	5%	4.50%	
Absolute Return (including Credit Sensitive Investments)	0%	0%	0.00%	
Real Return:				
Global Inflation Linked Bonds****	3%	0%	0.00%	
Real Assets	14%	15%	8.50%	
Energy, Natural Resources and Infrastructure	5%	6%	7.30%	
Commodities	0%	0%	0.00%	
Risk Parity:				
Risk Parity	5%	8%	5.8/6.5%	*****
Asset Allocation Leverage Cash	1%	2%	2.50%	
Asset Allocation Leverage	0%	-6%	2.70%	
Expected Return			7.23%	

* Fiscal year 2019 Target Allocation based on the Strategic Asset Allocation dated October 1, 2018
** New target allocation based on the Strategic Asset Allocation dated October 1, 2019
*** 10-Year annualized geometric nominal returns include the real rate of return and inflations of 2.1%

Note 11. Defined Benefit Pension Plan (Continued)

**** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the net pension liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	$ 182,177,893	$ 118,517,031	$ 66,939,444

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

At June 30, 2020, the District reported a liability of $118,517,031 for its proportionate share of TRS' net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 118,517,031
State's proportionate share that is associated with the District	421,055,152
Total	$ 539,572,183

The net pension liability was measured as of August 31, 2018, and rolled forward to August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018. 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, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.22799%, which was a decrease of 1.85% from its proportion measured as of August 31, 2018.

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

- The discount rate as of August 31, 2018, was a blended rate of 6.907% that changed to the long-term rate of return of 7.25% as of August 31, 2019.

- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Note 11. Defined Benefit Pension Plan (Continued)

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

During the measurement period ended August 31, 2019, the District recognized pension expense of $66,141,832 and revenue of $66,141,832 for on-behalf payments provided by the state.

As of the measurement date of August 31, 2019, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ 497,878	$ 4,115,099
Changes in actuarial assumptions	36,769,803	15,195,022
Difference between projected and actual investment earnings	1,190,048	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	847,465	23,125,954
Contributions paid to TRS subsequent to the measurement date	16,649,779	-
Total	$ 55,954,973	$ 42,436,075

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

	Pension Expense Amount
Years ending June 30:	
2021	$ (3,962,242)
2022	(4,782,895)
2023	2,296,858
2024	4,050,633
2025	451,027
Thereafter	(1,184,262)
	$ (3,130,881)

The deferred outflows and deferred inflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction of pension expense over five years. The other deferred inflows and outflows will be recognized in pension expense using the average expected remaining service lives of all members.

Note 12. Defined Other Post-Employment Benefit Plan

A. 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 OPEB plan that has a special funding situation. The plan is administered through a trust by the TRS Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

B. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in a separately-issued CAFR that includes financial statements and required supplementary information. That report may be obtained on the internet at http://www.trs.state.tx.us/ about/documents/cafr.pdf#CAFR; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

C. Benefits Provided

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

Eligible retirees and their depends not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants, as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

TRS-Care Monthly Rates for Retirees Effective January 1, 2019 Through December 31, 2019		
	Medicare	Non-Medicare
Retiree or surviving spouse	$ 135	$ 200
Retiree and spouse	529	689
Retiree and children	468	408
Retiree and family	1,020	999

Note 12. Defined Other Post-Employment Benefit Plan (Continued)

D. Contributions

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

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

Contribution Rates

	2020	2019
Active employee	**0.65%**	0.65%
Nonemployer contributing entity (State)	**1.25%**	1.25%
Employers	**0.75%**	0.75%
Federal/private funding remitted by employers	**1.25%**	1.25%
District's employer contributions	**$ 4,543,904**	$ 4,834,413
District's member contributions	**$ 3,564,191**	$ 3,581,227
District's NECE contributions	**$ 6,037,468**	$ 6,886,974

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

TRS-Care received supplemental appropriations from the state of Texas as the Non-Employer Contributing Entity in the amount of $73.6 million in fiscal year 2019, which was re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Note 12. Defined Other Post-Employment Benefit Plan (Continued)

E. Actuarial Assumptions

The total OPEB liability in the August 31, 2018 actuarial valuation was rolled forward to August 31, 2019. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the TRS pension actuarial valuation:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2018 rolled forward to August 31, 2019
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Discount rate*	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% Participation prior to age 65 and 50% 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 including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

*The municipal bond rate was based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

The impact of the Cadillac Tax that is returning in fiscal year 2023, has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of $850/$2,292 were indexed annually by 2.3%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Note 12. Defined Other Post-Employment Benefit Plan (Continued)

F. Discount Rate

A single discount rate of 2.63% was used to measure the total OPEB liability. There was a change of 1.06% 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 best estimates of arithmetic real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2019, is the same as the pension plan.

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.63)	Discount Rate (2.63%)	1% Increase in Discount Rate (3.63%)
District's proportionate share of the net OPEB liability	$ 365,547,167	$ 302,775,488	$ 253,669,148

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

At June 30, 2020, the District reported a liability of $302,775,488 for its proportionate share of TRS' 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	$ 302,775,488
State's proportionate share that is associated with the District	402,320,900
Total	$ 705,096,388

The net OPEB liability was measured as of August 31, 2018, and rolled forward to August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective plan's net OPEB liability was 0.64024% which was a decrease of 1.18% from the proportion measured as of August 31, 2018.

Note 12. Defined Other Post-Employment Benefit Plan (Continued)

The following schedule shows the impact of the net OPEB liability if a health care trend rate that is 1% less than and 1% greater than the assumed rate is used:

	1% Decrease in Health Care Trend	Health Care Trend	1% Increase in Health Care Trend
District's proportionate share of the net OPEB liability	$ 246,993,623	$ 302,775,488	$ 377,497,575

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

- The discount rate was changed from 3.69% as of August 31, 2018, to 2.63% as of August 31, 2019. This change increased the total OPEB liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%, and 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.

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

During the measurement period ended August 31, 2018, the District recognized OPEB expense of $10,603,527 and revenue of $10,603,527 on-behalf payments provided by the state.

As of the measurement date of August 31, 2019, the District reported its proportionate share of TRS' deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	$ 14,853,711	$ 49,545,998
Changes in actuarial assumptions	16,816,818	81,439,175
Difference between projected and actual investment earnings	32,665	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	997	17,279,953
Contributions paid to TRS subsequent to the measurement date	4,285,391	-
Total	$ 35,989,582	$ 148,265,126

Note 12. Defined Other Post-Employment Benefit Plan (Continued)

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

	OPEB Expense Amount
Years ending June 30:	
2021	$ (19,086,134)
2022	(19,086,134)
2023	(19,096,707)
2024	(19,102,754)
2025	(19,101,099)
Thereafter	(21,088,107)
	$ (116,560,935)

Note 13. Health Care Coverage

A. Health Insurance Plan

During fiscal year 2020, employees of the District were covered by a self-funded health insurance plan provided by Aetna. District employees were offered a choice of two PPO plans and one HSA plan with two networks (Seton Only, Open Access and HSA Seton). Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains individual stop-loss coverage for catastrophic losses exceeding $1,000,000 per claim.

Under Aetna, the District contributed $520 per month, per employee to the plans. In addition, a salary banded rate was implemented in fiscal year 2018 for the Seton Only plan. All contributions were paid to licensed insurers. The contracts between the District and the licensed insurer provide terms of coverage and contribution costs. The latest financial statements for the insurance company, available for the year ended December 31, 2019, are filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

B. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became 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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled $2,442,345, $2,100,631, and $1,691,460 for fiscal years 2020, 2019, and 2018, respectively.

Note 14. Self-Insurance

The District participates in the Texas Association of School Boards Modified Self-Funded Program for its vehicle liability insurance. In connection therewith, stop-loss insurance for bodily injury over $100,000 per person, $300,000 per occurrence, and $100,000 for personal property is maintained. The District is responsible for claims up to these amounts.

Note 14. Self-Insurance (Continued)

The District is self-insured for workers' compensation coverage. The District contributes amounts to the Internal Service Fund based on an estimate of the ultimate cost of claims expected to be incurred each year and changes in amounts estimated in prior years. The District's retention under this program is limited to $600,000 per occurrence (all claims relating to an event are considered an occurrence). Through the Texas Association of School Boards Risk Management Fund, the District has contracted with Safety National Casualty Corporation, a commercial insurer licensed in the state of Texas, to provide the coverage per occurrence in excess of $600,000 up to the statutory limit, as described by state law.

During fiscal year 2020, employees of the District were covered by a self-funded health insurance plan provided by Aetna. District employees were offered a choice of two PPO plans and one HSA plan with two networks (Seton Only, Open Access and HSA Seton). Claims administration is contracted from a third-party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains individual stop-loss coverage for catastrophic losses exceeding $1,000,000 per claim.

Changes in workers' compensation and health insurance claims liability amounts are as follows:

	2020		2019	
	Workers' Compensation	**Health Insurance**	Workers' Compensation	Health Insurance
Beginning of the year liability	$ 6,914,305	$ 6,314,200	$ 6,966,677	$ 6,589,000
Current-year claims	2,848,808	62,584,330	3,266,274	67,395,965
Changes in estimates	(2,359,186)	(3,149,505)	(451,675)	2,876,973
Claim payments	(1,261,622)	(60,829,025)	(2,866,971)	(70,547,738)
End of the year liability	$ 6,142,305	$ 4,920,000	$ 6,914,305	$ 6,314,200

The end of the year liability includes claims incurred and reported and estimated claims incurred, but not reported based on historical activity. Due to the types of risk self-insured, the ultimate amount to be paid out may be more or less than the amount accrued at June 30, 2020. The District has a contingent liability in the event the insurer is unable to fulfill its responsibility under the contract or the incurred claims exceed the amounts covered by stop-loss coverage. There have been no claim settlements exceeding the District's retention limits in the last three years.

Note 15. Short-Term Debt

In June 2005, the Board approved the issuance of Austin Independent School District Commercial Paper Notes, Series A (Commercial Paper) in an aggregate principal amount not to exceed $150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by a standby letter of credit with Sumitomo Mitsui Banking Corporation, acting through its New York Branch. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. As of June 30, 2020, the District had no outstanding Commercial Paper. Since the beginning of the Commercial Paper Program, the District has issued approximately $1.053 billion in bonds, using a portion of the proceeds from each of the bond issuances to partially refinance the Commercial Paper. As of June 30, 2020, $1.053 billion of bond proceeds have been used to refinance the Commercial Paper.

Note 15. Short-Term Debt (Continued)

Changes in the Commercial Paper are as follows:

	June 30	
	2020	2019
Beginning of the period liability	$ -	$ -
Bonds issued	-	35,000,000
Transfers in to retire commercial paper	(12,000,000)	(60,000,000)
Commercial paper issuances	12,000,000	25,000,000
End of the period liability	$ -	$ -

Note 16. Fund Balance

Governmental fund balance as of June 30, 2020, were as follows:

		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Fund balances:					
3400	Nonspendable:					
3410	Inventories	$ 278,009	$ -	$ -	$ 5,282,381	$ 5,560,390
3430	Prepaids and other assets	800	-	750,000	-	750,800
3400	Restricted:					
3480	Debt service	-	138,328,163	-	-	138,328,163
3450	Federal and state funds grants	-	-	-	4,559,228	4,559,228
3500	Assigned:					
3590	Professional Pathways for Teachers	2,535,000	-	-	-	2,535,000
3590	Economic Stabilization Reserve	5,000,000	-	-	-	5,000,000
3590	School Safety Facility Emergency Needs	2,000,000	-	-	-	2,000,000
3510	ERP Stabilization	1,000,000	-	-	-	1,000,000
3590	Special Projects (e-rate reimbursements)	1,150,000	-	-	-	1,150,000
3590	Blended and Personalized Learning	19,600,000	-	-	-	19,600,000
3590	Social Media Background Screenings	2,500,000				2,500,000
3590	Campus Budget Rollovers	1,000,000	-	-	-	1,000,000
3590	Department Budget Rollovers	331,000	-	-	-	331,000
3600	Unassigned	233,080,926	-	(19,657,638)	(9,142,047)	204,281,241
	Total fund balances	$ 268,475,735	$ 138,328,163	$ (18,907,638)	$ 699,562	$ 388,595,822

Note 16. Fund Balance (continued)

The following individual nonmajor funds reported a deficit in fund balance at June 30, 2020, as a result of the timing of reimbursements for expenditures:

Deficit in fund balances of individual nonmajor funds:		
Head Start	$	(247,813)
ESEA, Title X, Part C—Education for the Homeless Children		(38,529)
ESEA, Title I, Part A—Improving Basic Programs		(3,498,935)
Title I Part D		(96,473)
Title I Priority and Focus		(13,223)
Adult Education Federal Grant		(1)
IDEA—Part B, Formula		(1,929,051)
IDEA—Part B, Preschool		(38,170)
National School Breakfast and Lunch Program		(537,950)
Career and Technical—Basic Grant		(150,148)
ESEA, Title II, Part A—Teacher and Principal Training		(426,093)
Title III, Part A—Immigrant		(1,300)
Title III, Part A—English Language Acquisition and Language		(433,984)
Title IV, Part B—21st Century Community Learning Centers		(912,930)
Gear Up		(246,029)
Title V—Refugee Entrant Assistance		(32,688)
Teen Parent Childcare—HHSD		(1,201)
Teacher Incentive Fund/ Project Safe		(188,317)
Federally Funded Special Revenue Funds		(349,208)
Service to Students With Dyslexia		(1)
M & S Dell Foundation		(2)
Capital Funds		(1)
Total deficit in fund balances of individual nonmajor funds	$	(9,142,047)

Note 17. Shared Services Arrangements

The District is the fiscal agent for one shared services arrangement (SSA), which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. In addition to the District, other member districts in this SSA include the Del Valle ISD and IDEA Public Schools.

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the programs. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting. According to guidance provided in TEA's FAR, the District has accounted for the activities of the SSA in the appropriate Special Revenue Funds. Additionally, the SSA's are accounted for using the "Accounting and Reporting Treatment Guidance Section" of FAR.

According to the SSA agreements, costs incurred by the SSA's shall be divided among the member districts in proportion to the number of students each member district has attending the Regional Day School Program and/or receiving services through the Indian Education Formula Grant Consortium.

Note 17. Shared Services Arrangements (Continued)

Expenditures allocated to the SSA members as of June 30, 2020, are summarized below by program:

Regional Day School for the Deaf	All Districts	Austin ISD	Del Valle ISD	IDEA Public Schools
Number of students	51	44	4	3
Fund year:				
315.9	$ 957	$ 823	$ 77	$ 57
315.0	4,606	3,961	368	276
Discretionary Deaf	5,563	4,784	445	333
340.0	539	464	43	32
Early Intervention	539	464	43	32
435.9	32,753	28,168	2,620	1,965
435.0	195,533	168,158	15,643	11,732
State Deaf	228,286	196,326	18,263	
Total	$ 234,388	$ 201,574	$ 18,751	$ 14,062

Note 18. Subsequent Event

After June 30, 2020, the District was awarded $16,994,485 from the Elementary and Secondary School Emergency Relief Fund (ESSER Fund). The purpose of the award was to provide the District with emergency relief funds to address the impact of COVID-19. The grant permitted reimbursement for pre-award costs, beginning March 13, 2020, and activity was combined with the General Fund for budgeting and financial reporting purposes.

Note 19. Coronavirus Contingency

The continued global pandemic in 2020 has created substantial volatility in financial markets and the economy, including the geographical areas in which the District operates. While the District has mitigated the financial impact to its business, it is unknown how long these conditions will last and what the complete financial effect will be to the District.

Accordingly, there could be further negative impact to operations, the extent of which will depend on future developments, which are highly uncertain and cannot be predicted and, as such, cannot be determined.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by GASB, but not considered a part of the basic financial statements.

Austin Independent School District

Exhibit G-1 Budgetary Comparison Schedule—General Fund
Year Ended June 30, 2020

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance With Final Budget
	Revenues				
5700	Local and intermediate sources	$ 1,346,326,551	$ 1,356,116,200	$ 1,341,437,239	$ (14,678,961)
5800	State program revenues	53,003,972	56,250,491	58,076,608	1,826,117
5900	Federal program revenues	23,814,409	28,338,222	22,666,235	(5,671,987)
5020	**Total revenues**	1,423,144,932	1,440,704,913	1,422,180,082	(18,524,831)
	Expenditures				
	Current:				
0011	Instruction	462,764,593	463,366,539	449,638,199	13,728,340
0012	Instructional resources and media services	11,224,259	11,233,018	10,554,398	678,620
0013	Curriculum and instructional staff development	15,632,488	15,297,153	13,387,351	1,909,802
0021	Instructional leadership	13,719,790	15,102,048	13,392,906	1,709,142
0023	School leadership	53,537,813	54,209,222	53,617,199	592,023
0031	Guidance, counseling and evaluation services	26,951,016	27,267,687	25,378,393	1,889,294
0032	Social work services	5,364,523	5,318,399	4,860,214	458,185
0033	Health services	10,866,412	10,909,698	8,807,544	2,102,154
0034	Student (pupil) transportation	32,465,867	33,966,990	34,634,450	(667,460)
0036	Curricular/extracurricular activities	14,662,064	18,398,319	17,424,105	974,214
0041	General administration	23,575,479	27,119,269	27,414,977	(295,708)
0051	Plant maintenance and operations	86,940,019	87,207,862	82,341,330	4,866,532
0052	Security and monitoring services	13,917,278	15,200,579	14,006,314	1,194,265
0053	Data processing services	22,411,351	22,543,231	22,624,353	(81,122)
0061	Community services	7,951,896	8,328,206	7,885,008	443,198
0071	Principal on long-term debt	394,911	460,265	394,910	65,355
0072	Interest on long-term debt	65,354	-	65,354	(65,354)
0081	Capital outlay	15,000	1,395,103	3,021,634	(1,626,531)
0091	Contracted instructional services between schools	612,166,160	615,716,384	639,599,384	(23,883,000)
0093	Payments related to shared services arrangements	4,124,678	4,124,678	-	4,124,678
0099	Other intergovernmental charges	7,225,336	7,225,336	8,914,195	(1,688,859)
6030	**Total expenditures**	1,425,976,287	1,444,389,986	1,437,962,218	6,427,768
1100	**Excess (deficiency) of revenues over expenditures**	(2,831,355)	(3,685,073)	(15,782,136)	(12,097,063)
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	51,000	159,552	-	(159,552)
8911	Transfers out	-	-	(3,723,607)	(3,723,607)
8949	Other uses	(303,133)	(338,133)	(340,720)	(2,587)
7080	**Total other financing sources (uses)**	(252,133)	(178,581)	(4,064,327)	(3,885,746)
1200	**Net change in fund balance**	(3,083,488)	(3,863,654)	(19,846,463)	(15,982,809)
0100	Fund balance at beginning of period	288,322,198	288,322,198	288,322,198	-
3000	Fund balance at end of period	$ 285,238,710	$ 284,458,544	$ 268,475,735	$ (15,982,809)

See note to budgetary comparison schedule.

Austin Independent School District

Note to Budgetary Comparison Schedule—General Fund
Year Ended June 30, 2020

Note 1. Budgetary Data

The legal level of control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) for budgeted expenditures is the function level. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned. Formal budgetary accounting is employed for the General Fund, as outlined in TEA's FAR. The budgetary comparison schedule is presented on the modified accrual basis of accounting consistent with GAAP.

The official school budget is prepared for adoption for required Governmental Fund types prior to June 19 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board at a public meeting held at least 10 days after public notice has been given.

Annual budgets are adopted on a basis generally consistent with GAAP for the General Fund, Debt Service Fund and the Food Service Special Revenue Fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget for these funds is presented on the modified accrual basis of accounting, which is consistent with GAAP. The Board amended the budget throughout the year. Such amendments are before the fact and are reflected in the official minutes of the Board.

During 2020, the District had unfavorable variances in the following functions: student pupil transportation (FN 0034), general administration (FN 0041), interest on long-term debt (FN 0072), capital outlay (FN 0081), contracted instructional services between schools (FN 0091), and other governmental charges (FN 0099) due to an additional amount of accrued local revenue in excess of entitlements, reclassifications of capital outlay to FN 81, and adjustments related to the ESSER award, see Note 18.

Austin Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years

Year	District's Proportion of the Collective Plan Net Pension Liability	District's Proportionate Share of Collective Plan Net Pension Liability	State's Proportionate Share of the Collective Plan Net Pension Liability Associated With the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.2279913%	$ 118,517,031	$ 421,055,152	$ 539,572,183	$ 548,337,267	21.61%	75.24%
2019	0.2322910%	127,858,602	477,910,010	605,768,612	561,217,297	22.78%	73.74%
2018	0.2683134%	85,792,166	274,738,156	360,530,322	543,121,481	15.80%	82.17%
2017	0.2638410%	99,701,584	335,457,622	435,159,206	501,048,279	19.90%	78.00%
2016	0.3081257%	108,918,334	329,898,170	438,816,504	540,891,541	20.14%	78.43%
2015	0.3830850%	102,327,301	280,740,695	383,067,996	530,498,281	19.29%	83.25%

The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability which is August 31 of the preceding fiscal year.

Data is presented in accordance with GASB Statement No. 68, Paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See notes to required supplementary information.

Austin Independent School District

Schedule of District Contributions—Pension Plan
Last Ten Fiscal Years

Year	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 7,979,972	$ (7,979,972)	$ -	$ 566,245,341	1.41%
2019	6,906,284	(6,906,284)	-	550,957,955	1.25%
2018	7,951,785	(7,951,785)	-	561,217,297	1.42%
2017	7,509,317	(7,509,317)	-	543,121,481	1.38%
2016	6,820,214	(6,820,214)	-	501,048,279	1.36%
2015	9,712,268	(9,712,268)	-	540,891,541	1.80%
2014	9,745,383	(9,745,383)	-	530,498,281	1.84%
2013	9,343,460	(9,343,460)	-	528,140,495	1.77%
2012	7,536,787	(7,536,787)	-	496,406,416	1.52%
2011	8,334,614	(8,334,614)	-	524,103,783	1.59%

The information disclosed for each fiscal year is reported as of the District's fiscal year-end date (August 31, 2011 through 2015 and June 30, 2016 through 2020).

See notes to required supplementary information.

Austin Independent School District

Schedule of the District's Proportionate Share of the Net OPEB Liability
Last Three Fiscal Years

Year	District's Proportion of the Collective Plan Net OPEB Liability	District's Proportionate Share of Collective Plan Net OPEB Liability	State's Proportionate Share of the Collective Plan Net OPEB Liability	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.6402361%	$ 302,775,488	$ 402,320,900	$ 705,096,388	$ 548,337,267	55.22%	2.66%
2019	0.6478851%	323,494,950	500,634,072	824,129,022	561,217,297	57.64%	1.57%
2018	0.6750264%	293,543,676	413,337,609	706,881,285	543,121,481	54.05%	0.91%

The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability which is August 31 of the preceding fiscal year.

Data is presented in accordance with GASB Statement No. 75. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

See notes to required supplementary information.

Austin Independent School District

Schedule of District Contributions—OPEB Plan
Last Ten Fiscal Years

Year	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$ 4,543,904	$ (4,543,904)	$ -	$ 566,245,341	0.80%
2019	3,827,534	(3,827,534)	-	550,957,955	0.69%
2018	3,993,169	(3,993,169)	-	561,217,297	0.71%
2017	2,870,552	(2,870,552)	-	543,121,481	0.53%
2016	2,829,312	(2,829,312)	-	501,048,279	0.56%
2015	3,476,876	(3,476,876)	-	540,891,541	0.64%
2014	3,501,771	(3,501,771)	-	530,498,281	0.66%
2013	3,207,060	(3,207,060)	-	528,140,495	0.61%
2012	3,242,507	(3,242,507)	-	496,406,416	0.65%
2011	3,392,694	(3,392,694)	-	524,103,783	0.65%

The information disclosed for each fiscal year is reported as of the District's fiscal year-end date (August 31, 2011 through 2015 and June 30, 2016 through 2020).

See notes to required supplementary information.

Note 1. Pension Plan Changes

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

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

- The discount rate as of August 31, 2018, was a blended rate of 6.907% that changed to the long-term rate of return of 7.25% as of August 31, 2019.

- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Note 2. OPEB Plan Changes

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

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

- The discount rate was changed from 3.69% as of August 31, 2018, to 2.63% as of August 31, 2019. This change lowered the TOL.

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%, and 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There
was no lapse assumption in the prior valuation. These changes decreased the TOL.

- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.

- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the TOL.

Other Supplementary Information Section

This section includes financial information and disclosures not required by GASB and is not considered a part of the basic financial statements. It may, however, include information that is required by other entities.

Austin Independent School District

Exhibit J-1 Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2020

Years Ended June 30:	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/ Appraised Value for School Tax Purposes	10 Beginning Balance at July 1, 2019	20 Current Year's Total Levy	30 Maintenance Collections	30a Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance at June 30, 2020
2011 and prior years	Various	Various	Various	$ 21,058,553	$ -	$ 230,247	$ 34,782	$ (37,802)	$ 20,755,722
2012	1.0790	0.1630	$ 59,795,510,706	1,037,470	-	58,650	8,860	(2,463)	967,497
2013	1.0790	0.1630	60,510,010,799	1,064,587	-	81,380	12,294	(4,824)	966,089
2014	1.0790	0.1630	62,672,946,147	1,230,368	-	86,033	12,997	(13,227)	1,118,111
2015	1.0790	0.1430	67,349,173,527	1,397,860	-	161,474	21,400	13,042	1,228,028
2016	1.0790	0.1230	75,479,270,096	1,641,356	-	200,777	22,888	5,039	1,422,730
2017	1.0790	0.1130	99,261,337,738	2,317,289	-	6,893	722	(410,550)	1,899,124
2018	1.0790	0.1130	110,113,759,732	3,860,661	-	(627,374)	(65,703)	(1,873,235)	2,680,503
2019	1.0790	0.1130	121,551,585,435	11,830,916	-	448,219	46,940	(6,825,010)	4,510,747
2020 (school year under audit)	1.0090	0.1130	133,687,895,288	-	1,499,978,185	1,322,851,820	148,148,915	(12,802,421)	16,175,029
1000 Totals				$ 45,439,060	$ 1,499,978,185	$ 1,323,498,119	$ 148,244,095	$ (21,951,451)	$ 51,723,580

Austin Independent School District

Exhibit J-4 Budgetary Comparison Schedule Required By the Texas Education Agency—National School Breakfast and Lunch Programs
Year Ended June 30, 2020

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance With Final Budget
	Revenues				
5700	Local and intermediate sources	$ 6,500,322	$ 6,500,322	$ 5,196,747	$ (1,303,575)
5800	State program revenues	1,209,216	1,209,216	1,137,017	(72,199)
5900	Federal program revenues	33,189,430	33,189,430	26,785,175	(6,404,255)
5020	**Total revenues**	40,898,968	40,898,968	33,118,939	(7,780,029)
	Expenditures				
	Current:				
0035	Food service	40,793,680	40,793,680	36,867,568	3,926,112
6030	**Total expenditures**	40,793,680	40,793,680	36,867,568	3,926,112
1100	Excess (deficiency) of revenues over (under) expenditures	105,288	105,288	(3,748,629)	(3,853,917)
	Other Financing Sources (Uses)				
7915	Transfers in	-	-	3,723,607	(3,723,607)
7080	**Total other financing sources (uses)**	-	-	3,723,607	(3,723,607)
1200	**Net change in fund balance**	105,288	105,288	(25,022)	130,310
0100	Fund balance at beginning of period	4,752,098	4,752,098	4,752,098	-
3000	Fund balance at end of period	$ 4,857,386	$ 4,857,386	$ 4,727,076	$ 130,310

Austin Independent School District

Exhibit J-5 Budgetary Comparison Schedule Required By the Texas Education Agency—Debt Service Fund
Year Ended June 30, 2020

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance With Final Budget
	Revenues				
5700	Local and intermediate sources	$ 151,129,887	$ 151,802,629	$ 150,304,785	$ (1,497,844)
5800	State program revenues	485,436	537,981	483,444	(54,537)
5900	Federal program revenues	-	-	-	-
5020	**Total revenues**	151,615,323	152,340,610	150,788,229	(1,552,381)
	Expenditures				
0071	Principal and interest on long-term debt	151,615,323	138,716,043	137,567,562	1,148,481
6030	**Total expenditures**	151,615,323	138,716,043	137,567,562	1,148,481
1100	Excess (deficiency) of revenues over (under) expenditures	-	13,624,567	13,220,667	(403,900)
	Other Financing Sources (Uses)				
7911	Capital-related debt issued (refunding bonds)	-	66,590,000	66,590,000	-
7916	Premium or discount on issuance of bonds	-	4,932,797	4,932,797	-
8911	Transfers out	-	(84,957,531)	(12,000,000)	72,957,531
8959	Other uses	-	(1)	(72,957,532)	(72,957,531)
7080	**Total other financing sources (uses)**	-	(13,434,735)	(13,434,735)	-
1200	**Net change in fund balance**	-	189,832	(214,068)	(403,900)
0100	Fund balance at beginning of period	138,542,231	138,542,231	138,542,231	-
3000	Fund balance at end of period	$ 138,542,231	$ 138,732,063	$ 138,328,163	$ (403,900)

RSM

Austin Independent School District

Federal Awards Compliance Report
Year Ended June 30, 2020

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RSM US LLP

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*

Independent Auditor's Report

Board of Trustees
Austin Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Austin Independent School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020.

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

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

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

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

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

RSM US LLP

Austin, Texas
December 7, 2020

RSM US LLP

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance

Independent Auditor's Report

Board of Trustees
Austin Independent School District

Report on Compliance for Each Major Federal Program
We have audited Austin Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. 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 statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

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

Opinion on Each Major Federal Program
In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance
We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Austin, Texas
January 18, 2021, except for our report on the
Schedule of Expenditures of Federal Awards,
for which the date is December 7, 2020

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

(1) Project Number	Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal CFDA Number	Passed Through Subrecipients	(3) Expenditures Indirect Costs and Refunds
		U.S. Department of Education:			
		Direct Programs:			
N/A	244	CTE Makeover Challenge—Reagan High School	84.048	$ -	$ 1,076
N/A	244	CTE Makeover Challenge—Travis High School	84.048	-	5,058
		Subtotal, CTE Makeover Challenge		-	6,134
N/A	274	GEAR UP	84.334A	-	1,910,910
N/A	289	Project Creative Learning	84.351C	-	35,084
N/A	289	Education, Innovation, and Research (EIR)	84.411C	-	1,473,771
		Total Direct Programs		-	3,425,899
		Passed Through the Texas Education Agency:			
19610101227901	211	ESEA, Title I, Part A—Improving Basic Programs	84.010A	-	2,661,158
20610101227901	211	ESEA, Title I, Part A—Improving Basic Programs	84.010A	-	16,567,799
		Subtotal, ESEA Title I Part A—Improving Basic Programs		-	19,228,957
196101217110001	211	Transformation Zone Planning Continuation and Implementation	84.010A	-	644,940
206101487110001	211	School Transformation Fund—Planning	84.010A	-	428,027
		Subtotal, Transformation Zone Planning Grant		-	1,072,967
19610103227901	211	ESEA Title I Part D, Subpart 2—Delinquent Programs	84.010A	-	23,900
20610103227901	211	ESEA Title I Part D, Subpart 2—Delinquent Programs	84.010A	-	188,534
		Subtotal, ESEA Title I Part D, Subpart 2—Delinquent Programs		-	212,434
19610141227901	211	Title I 1003 School Improvement	84.010A	-	13,302
20610141227901	211	Title I 1003 School Improvement	84.010A	-	181,192
		Subtotal, Title I 1003 School Improvement		-	194,494
196101477110003	289	School Action Fund—Travis	84.010A	-	134,975
196101477110004	289	School Action Fund—Joslin	84.010A	-	151,879
		Subtotal, School Action Fund		-	286,854
		Special Education Cluster:			
196600012279016600	224	IDEA—Part B, Formula	84.027A	-	255,841
206600012279016600	224	IDEA—Part B, Formula	84.027A	-	11,575,834
		Subtotal, IDEA—Part B, Formula		-	11,831,675

(Continued)

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

(1) Project Number	Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal CFDA Number	Passed Through Subrecipients	(3) Expenditures Indirect Costs and Refunds
66002006	226	IDEA B—High Cost	84.027A	$ -	$ 180,318
196600112279016673	315	IDEA—Part B, Discretionary Deaf	84.027A	-	1,101
206600112279016673	315	IDEA—Part B, Discretionary Deaf	84.027A	-	4,838
		Subtotal, IDEA B, Discretionary Deaf		-	5,939
196610012279016610	225	IDEA—Part B, Preschool	84.173A	-	331,901
206610012279016610	225	IDEA—Part B, Preschool	84.173A	-	24,139
		Subtotal, IDEA—Part B, Preschool		-	356,040
		Subtotal, Special Education Cluster		-	12,373,972
20420006227901	244	Carl D. Perkins Basic Formula Grant	84.048A	-	928,241
204200287110004	244	2019-2020 Perkins Career Clusters	84.048A	-	15,048
203911012279013911	340	IDEA—C Early Childhood Intervention	84.181A	-	539
194600057110008	206	2018-2019 Texas Education for Homeless Children and Youth	84.196A	-	25,907
204600057110008	206	2019-2020 Texas Education for Homeless Children and Youth	84.196A	-	167,393
		Subtotal, Texas Education for Homeless Children and Youth		-	193,300
196950267110001	265	21st Century Community Learning Centers CY 9	84.287C	-	124,826
206950267110004	265	21st Century Community Learning Centers CY 10	84.287C	-	2,931,436
		Subtotal, Texas 21st Century Community Learning Centers		-	3,056,262
19671001227901	263	Title III, Part A—ELA	84.365A	-	32,066
20671001227901	263	Title III, Part A—ELA	84.365A	-	1,728,446
		Subtotal, IDEA—Title III, Part A—ELA		-	1,760,512
19671003227901	263	Title III, Part A—Immigrant	84.365A	-	82,575
20671003227901	263	Title III, Part A—Immigrant	84.365A	-	1,300
		Subtotal, IDEA—Title III, Part A—Immigrant		-	83,875

(Continued)

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

(1) Project Number	Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal CFDA Number	Passed Through Subrecipients	(3) Expenditures Indirect Costs and Refunds
206945677110001	255	ESEA Title II, Part A Principal Preparation	84.367A	$ -	$ 611,043
19694501227901	255	ESEA Title II, Part A Supporting Effective Instruction	84.367A	-	10,350
20694501227901	255	ESEA Title II, Part A Supporting Effective Instruction	84.367A	-	2,079,842
		Subtotal, ESEA Title II, Part A		-	2,701,235
69551702	289	LEP Summer School	84.369A	-	64,459
176107337110003	211	School Transformation Fund—Implementation	84.377A	-	740,835
19680101227901	289	Title IV, Part A, Subpart 1	84.424A	-	54,180
20680101227901	289	Title IV, Part A, Subpart 1	84.424A	-	1,136,348
		Subtotal, Title IV, Part A, Subpart 1		-	1,190,528
19513701227901	289	Texas Hurricane Homeless Youth	84.938B	-	23,681
20521001227901	266	COVID-19: 2020-2021 Elementary and Secondary School Emergency Relief—ESSER	84.425D	-	10,269,011
		Total Passed-Through the Texas Education Agency		-	54,397,204
		Passed Through Austin Community College:			
1418ALA000	220	Texas Adult Education and Literacy Programs—Federal Funds	84.002A	-	187,327
		Total Passed Through Austin Community College		-	187,327
		Passed Through the University of Texas at Austin:			
N/A	199	Federal Work-Study Program	84.033	-	3,720
		Total Passed Through the University of Texas at Austin		-	3,720
		TOTAL U.S. DEPARTMENT OF EDUCATION		-	58,014,150

(Continued)

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

(1) Project Number	Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal CFDA Number	Passed Through Subrecipients	(3) Expenditures Indirect Costs and Refunds
		U.S. DEPARTMENT OF AGRICULTURE:			
		Passed Through the Texas Department of Agriculture:			
		Child Nutrition Cluster:			
71402001	240	School Breakfast Program	10.553	$ -	$ 6,684,018
71302001	240	National School Lunch Program	10.555	-	16,706,845
227003A	240	Commodities Supplemental Food Program (noncash)	10.555	-	1,278,918
71301901	240	After-School Snacks Program	10.555	-	54,159
71301901	242	Seamless Summer Feeding Option	10.555	-	2,506,827
		Subtotal, Child Nutrition Cluster		-	27,230,767
806780706	240	Child and Adult Care Food Program	10.558	-	1,440,164
806780706	240	Fresh Fruit and Vegetables Program	10.582	-	10,055
		TOTAL U.S. DEPARTMENT OF AGRICULTURE		-	28,680,986
		U.S. DEPARTMENT OF DEFENSE:			
N/A	199	R.O.T.C.	12.000	-	173,316
		TOTAL U.S. DEPARTMENT OF DEFENSE		-	173,316
		DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
		Passed Through the City of Austin:			
NG170000025 Amendment 3	289	CDBG Teen Parent Services	14.218	-	87,743
NG170000025 Amendment 4	289	CDBG Teen Parent Services	14.218	-	30,178
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		-	117,921
		DEPARTMENT OF JUSTICE:			
		Passed Through the Governor's Criminal Justice Division:			
3329702	289	VA—Victims of Crime Act Formula Grant Program	16.575	-	3,532,904
		Total Passed Through the Governor's Criminal Justice Division		-	3,532,904
N/A	289	USDOJ—BOJA STOP Violence Tech and Threat Assessment	16.839	-	142,077
N/A	289	USDOJ—BOJA—Violence Prevention and Mental Health	16.839	-	1,146
		Subtotal, Stop Violence		-	143,223
		TOTAL DEPARTMENT OF JUSTICE		-	3,676,127

(Continued)

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

(1) Project Number	Data Control Codes	Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal CFDA Number	Passed Through Subrecipients	(3) Expenditures Indirect Costs and Refunds
		U.S. DEPARTMENT OF LABOR:			
		Passed Through the Texas Education Agency:			
183925027110001	289	2018-2020 P—Tech and ICIA Success Grant	17.258	$ -	$ 50,326
		Subtotal, WIOA Cluster		-	50,326
		TOTAL U.S. DEPARTMENT OF LABOR		-	50,326
		NATIONAL ENDOWMENT FOR THE ARTS:			
N/A	289	National Endowment for the Arts—Creative Learning Initiative	45.024	-	95,428
		TOTAL NATIONAL ENDOWMENT FOR THE ARTS		-	95,428
		U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
		Passed Through the Austin Community College:			
1418ALA000	223	Texas Adult Education and Literacy Programs/Federal TANF Funds	93.558	-	15,590
		Subtotal, 477 Cluster		-	15,590
		Total Passed Through the Austin Community College		-	15,590
		Passed Through the United States Conference of Catholic Bishops:			
2002TXRSOC	289	Refugee School Impact Discretionary Grant	93.566	-	32,688
		Total Passed Through the United States Conference of Catholic Bishops		-	32,688
N/A	205	Headstart	93.600	-	1,001,292
N/A	205	Headstart	93.600	-	247,813
		Subtotal, Headstart Cluster		-	1,249,105
		Passed Through the Texas Department of State Health Services:			
529-07-0157-00112	272	Medicaid Administration	93.778	-	433,022
		Subtotal, Medicaid Cluster		-	433,022
		Total Passed Through the Texas Department of State Health Services		-	433,022
		TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES		-	1,730,405
		TOTAL FEDERAL ASSISTANCE		$ -	$ 92,538,659

See notes to schedule of expenditure of federal awards.

Austin Independent School District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the current financial resources measurement focus basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Federal Awards

The District received noncash awards in the form of food commodities totaling $1,278,918 (CFDA number 10.555) for the year ended June 30, 2020.

Note 4. Indirect Costs

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

Austin Independent School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I—Summary of Auditor's Results

1. Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____	Yes	X	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287C	21st Century Community Learning Centers
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
84.425D	COVID-19: Elementary and Secondary School Emergency Relief Fund

Dollar threshold to distinguish between type A and type B programs: $2,776,160

Auditee qualified as low-risk auditee?	X	Yes	____	No

(Continued)

Section II—Financial Statement Findings

A. Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

Section III—Findings and Questioned Costs for Federal Award

A. Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

Austin Independent School District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

None.