



RICHARDSON INDEPENDENT SCHOOL DISTRICT
Where all students connect, learn, grow and succeed

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Richardson, Texas 75081

Annual Comprehensive Financial Report

Richardson Independent School District
400 S. Greenville Ave.
Richardson, Texas 75081

Fiscal Year Ended June 30, 2021

Prepared by
Financial Services Division



RICHARDSON INDEPENDENT SCHOOL DISTRICT

Where all students connect, learn, grow and succeed

**Richardson Independent School District
Annual Comprehensive Financial Report
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As of June 30, 2021**

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CERTIFICATE OF BOARD

Richardson Independent School District
Name of School District

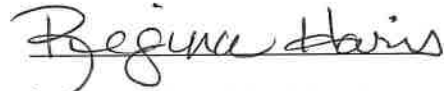
Dallas
County

057-916
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, 2021, at a meeting of the board of school trustees of such school district on the 15th day of November 2021.



Signature of Board Secretary



Signature of Board President



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INTRODUCTORY SECTION

RICHARDSON INDEPENDENT SCHOOL DISTRICT

SCHOOL ADMINISTRATION

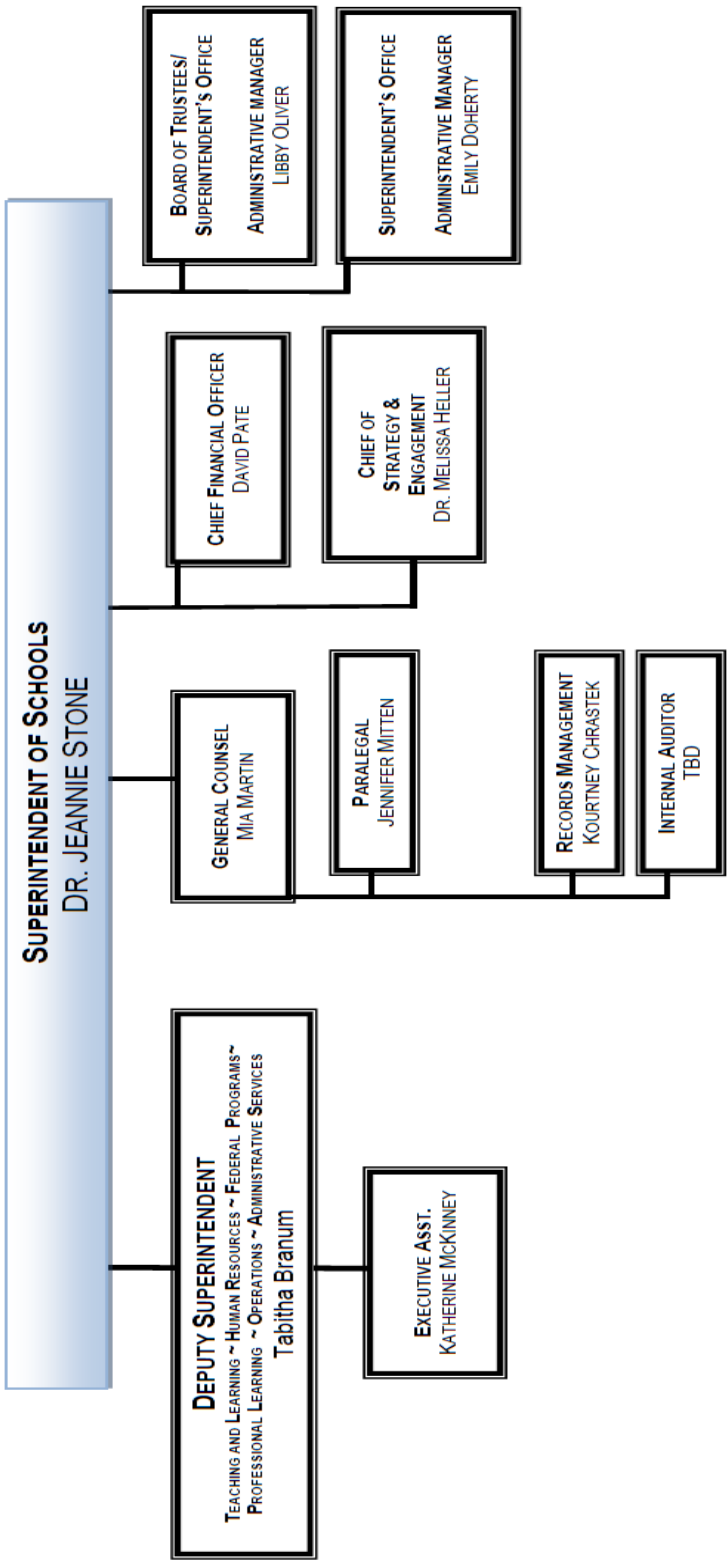
ELECTED OFFICIALS

<u>Board of Trustees</u>	<u>Years of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Regina Harris, President Single-Member District 4	3	2022	Webcast Production Manager
Eric Eager At-Large Place 6	1	2023	Co-Founder, CEO of 4impactdata
Eron Linn Single-Member District 2	6	2022	Federal Relations Manager, Dallas Area Rapid Transit
Chris Poteet At-Large Place 7	1	2024	Professional Civil Engineer
Debbie Renteria Single-Member District 3	1	2023	District Director for State Representative Ana Maria Ramos
Megan Timme Single-Member District 1	1	2024	Director of Administrative Services, Region 10 Education Service Center
Vacant Single-Member District 5	-	2022	-

APPOINTED AND FINANCIAL OFFICIALS

	<u>Position</u>	<u>Length of Service</u>
Dr. Jeannie Stone	Superintendent	6 years
David Pate	Chief Financial Officer	5 years
Kimberlyee Chappell	Executive Director of Financial Services	5 years
Alicia Stephenson	Director of Tax Services	36 years


RICHARDSON INDEPENDENT SCHOOL DISTRICT
 ADMINISTRATIVE ORGANIZATION



RICHARDSON INDEPENDENT SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

INDEPENDENT AUDITORS

Whitley Penn LLP
8343 Douglas Avenue, Suite 400
Dallas, Texas 75225

BOND ATTORNEYS

Bracewell LLP
1445 Ross Avenue, Suite 3800
Dallas, Texas 75202

FINANCIAL ADVISORS

Hilltop Securities
1201 Elm Street, Suite 3500
Dallas, Texas 75270

OFFICIAL DEPOSITORY

Frost Bank
2950 North Harwood, Ste. 1100
Dallas, TX 75201

TAX COLLECTION COUNSEL

Perdue, Brandon, Fielder, Collins & Mott, LLP
500 East Border St., Ste. 640
Arlington, Texas 76010

OUTSIDE COUNSEL

Bracewell LLP
1445 Ross Avenue, Suite 3800
Dallas, Texas 75202

Geary, Porter & Donovan, P.C.
16475 Dallas Parkway
Addison, TX 75001

Hoffman Kelley Lopez LLP
1721 West Plano Parkway, Ste. 203
Plano, Texas 75075

Thompson & Horton LLP
500 N. Akard St., Ste. 3150
Dallas, Texas 75201

Walsh, Gallegos, Trevino, Russon & Kyle, P.C.
105 Decker Ct., Ste. 600
Irving, Texas 75062



November 15, 2021

To the Citizens of the Richardson Independent School District:

The Annual Comprehensive Financial Report (ACFR) of the Richardson Independent School District (“RISD” or the “District”) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the RISD. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included. The District discusses its financial position in greater detail in the Management’s Discussion and Analysis (MD&A) in the Financial Section of this report.

RISD is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 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). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and independent auditors’ reports on internal control, compliance, and other matters is included in the Federal Awards Section of this report.

This report includes all funds of the RISD. The District is a public school system offering a full pre-kindergarten through twelfth grade educational opportunity for all school-age residents within its geographic boundaries. All activities over which the RISD Board of Trustees exercises authority and/or oversight responsibility are included.

GOVERNING BODY

The seven members of the Board of Trustees serve, without compensation, a three-year term of office. On a rotating basis, two or three places are filled during annual elections held the second Saturday in May. Vacancies may be filled by appointment until the next election. Candidates must be qualified voters of the District.

Regular meetings are generally scheduled the first Monday of the month and are held in the District’s administration building. Special meetings and study sessions are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of the quorum present.

In general, the Board adopts policies, sets direction for curriculum, employs the Superintendent and oversees the operations of the District and its schools. Besides general Board business, Trustees are charged with numerous statutory regulations including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, selecting the internal auditor who reports directly to the Board, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions and adopting and amending the annual budget.

Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators and managers, and have the primary accountability for fiscal matters, the District is not included in any other governmental “reporting entity” as defined in GASB Statement No. 61, an amendment of GASB Statements No. 14 and No. 39. Furthermore, there are no component units for which the District or the Board are financially accountable.

The Board solicits and evaluates community input and support concerning school policies. The Board meets regularly with a variety of citizen groups to receive input on topics of public interest.

GENERAL INFORMATION

The adopted vision statement for RISD is:

RISD – Where all students connect, learn, grow and succeed.

To accomplish this vision, RISD provides a full range of educational services, appropriate to grade levels ranging from pre-kindergarten through twelfth grade. The RISD covers more than 38.5 square miles and serves approximately 37,700 students. RISD encompasses most of the City of Richardson, parts of far north and northeast Dallas and two small areas in northwest Garland. Approximately 60 percent of the District lies within the city limits of Dallas. RISD occupies 4.32 percent of Dallas County's approximately 880 square miles.

History of the District

In 1854 the Dallas County Commissioners Court designated District #3, which consisted of many small schools including one in Richardson. In 1896 the District was redefined. It was well known as District #3, but consisted of only about four school systems, the largest of which was Richardson's Wheeler School. In 1900 the Wheeler School moved to a new site. The first Monday after Thanksgiving in 1914, a new red brick building was opened close to the Wheeler School. This facility was enlarged in 1927 and now serves as the RISD Administration Building.

RISD has experienced growth since the early 1950s. In 1952 its only building served 352 students. Today, 54 schools, including 4 high schools (9th through 12th grades), 8 junior high schools (7th through 8th grades), 40 elementary schools (kindergarten through 6th grade), four multipurpose activity centers, one early education elementary school (early education through kindergarten), and one Alternative Learning Center, serve approximately 37,700 students. The average age for all school buildings is 51 years, with ages ranging from 69 years (MST Magnet, originally Richardson Junior High, built in 1952) to 17 years (Thurgood Marshall Elementary built in 2004).

Special services in the District include two natatoriums, six athletic stadiums, an environmental studies center, and a free enterprise economics laboratory, as well as the General Administration and Instructional Administration buildings, two professional development centers with one that houses a non-traditional high school program, an operations center with a warehouse and a technology annex/student services complex.

District Programs

The educational philosophy stressed by the District includes a student-centered approach to learning through the use of a widely diversified curriculum. An individualized educational program is offered at all grade levels. Beginning in elementary and extending through high school, students study the essential elements of language arts, reading, science, mathematics, social studies, art, music, theater arts, physical education and computer literacy. All sixth graders participate in music class, which has a choral emphasis. In addition, students may elect to participate in band and orchestra in sixth grade.

At the secondary level, a diversified group of elective subjects is added to the required studies, including career and technology education (CTE), art, band, choir, orchestra, advanced sciences and foreign languages. Additional courses meet individual needs at the District's four comprehensive high schools. These courses cover a wide range of electives and include over 200 course selections.

Special education provides an appropriate public education, which includes provisions for specialized instruction and related services, designed to meet the unique needs of the mentally and physically challenged. Utilizing settings on each campus or centrally located facilities, instruction is designed to help the student most effectively develop skills and concepts necessary for independent functioning.

RISD schools have long been committed to excellence in education. Excellence in education is supplemented through honors studies, career education in a variety of fields, guidance and counseling services from grade school through high school, and a gifted and talented program. The District's students continue to win academic and co-curricular honors in district, state and national competitions. The staff members, likewise, are recognized as outstanding educators and professionals by their peers in Texas and throughout the nation.

The Texas accountability system measures student achievement, student progress, closing performance gaps, and postsecondary readiness and allows districts and individual campuses to receive one of two overall performance ratings: Met Standard or Improvement Required. The District as a whole received a rating of B (88 score) for the 2018-2019 school year,

and no schools were rated as in need of improvement (F). In addition to the overall rating, campuses have the opportunity to earn distinctions in different academic areas through strong performance compared with peer schools. In 2018-2019, 63 percent of RISD schools earned at least one academic distinction. RISD students also met or exceeded the Texas average on the state STAAR EOC assessment in each subject tested. Due to the pandemic, accountability ratings for 2019-20 and 2020-21 were suspended in Texas.

Finally, RISD has 23 Department of Education National Blue Ribbon campuses. The Blue Ribbon Schools Program honors public and private elementary, middle, and high schools that are either high performing or have improved student achievement to high levels, especially among disadvantaged students. The program is part of a larger U.S. Department of Education effort to identify and disseminate knowledge about best school leadership and teaching practices. Each year since 1982, the Department of Education has sought out schools where students attain and maintain high academic goals.

There are a number of charter schools that serve the same population as RISD. These charter schools receive their charters from the state and are separate and apart from RISD. The District competes with these charter schools for the same students. Similar to the District, these charter schools receive state funding based on their Average Daily Attendance and special population counts. However, unlike RISD, they do not have the ability to levy local property taxes, and therefore are generally more heavily dependent on state revenues for their Maintenance and Operations funding.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located in the north central portion of Dallas County, with residential property comprising 55.3 percent of the total market assessed valuation. The quality of the educational opportunity through attendance in the District's schools helps keep the real estate market within the District in a relatively strong position. Additionally, the District offers an optional homestead exemption of 10 percent to its qualifying homeowners. This, combined with the mandated \$25,000 homestead exemption, reduces the taxable value of a \$100,000 single-family residence to \$65,000.

The District's commercial and industrial taxable base is generally comprised of high technology businesses such as manufacturers of microwave and digital communication systems. The heart of the nationally known Telecom Corridor is located within the District. The nationwide recession affected commercial property values for several years in our area, resulting in an overall decline in taxable values from 2008-2009 to 2011-2012 of 8.5 percent. Beginning in 2013, commercial rents and values began to firm, while residential values recognized slow but continued growth, which leveled the decline. From 2020 to 2021, total taxable values rose 6.4 percent. The combined appraised values of the ten largest taxpayers total only 9.4 percent of the District's total 2020-2021 assessed value. A schedule listing the ten largest taxpayers can be found in the Statistical Section of this report. The strong residential property mix and steadily rising property values have been factored into our multi-year budget forecasts.

In an effort to strengthen, stabilize, and encourage growth in the District's tax base, the Board of Trustees adopted a resolution in March 1999 granting a "Freeport property" tax exemption to businesses with qualifying inventory. Beginning in the 1999-2000 school year, inventories held for fewer than 175 days and destined for out-of-state shipment were exempt from ad valorem tax. During the first year, the majority of qualifying businesses provided the District with payments in lieu of taxes equalizing the majority of revenue lost through this action.

The 86th Legislature brought change to the state's school funding system. In May 2019, the Texas House and Senate voted unanimously to approve House Bill 3 (HB 3). HB 3 limited the growth of property tax revenues by automatically lowering tax rates for districts with property value growth of 2.5% or more. In addition, the bill included \$6.5 billion to improve public education and salary increases for teachers. The bill also included funding for full-day pre-K for eligible 4 year olds, additional funding to educate low-income students, incentivizing school districts to offer dual language programs and improve dyslexia programs, and funding for districts that want to develop merit pay programs for teachers.

Community Support

Public support for local schools continues to be strong. This support was evidenced in May 2021 when the voters approved a \$750 million bond package. Bond 2021 will provide funds for student and staff technology, capital construction, facilities infrastructure, repairs, safety and security, and equipment.

Public support is further evidenced by the active participation of community businesses and organizations in the District's Partners Program. The RISD Partners Program is a way for businesses and community groups to establish ongoing, supportive relationships with one or more RISD schools or programs through volunteerism and donated materials and resources. RISD benefits from over 500,000 documented hours of volunteer service each year. The District also seeks to educate the community about district operations through *Inside RISD*, a year-long program designed to allow community members to go behind the scenes for an in-depth look at the District.

Financial Planning and Fiscal Policies

RISD has been effective in anticipating, planning, and implementing strategies that permit it to work within the constraints of available revenues but not reduce the overall quality of its educational programs. The District views itself as a strong and resilient entity that is committed to providing the finest educational opportunity possible for its student population.

In an effort to meet current and potential future financial challenges, the District employs financial management efforts through the use of a multi-year financial plan, annual analysis of peer district comparative financial data, the engagement of stakeholder groups (community members, campus staff, and central staff) in the budget process, and regular interaction with the Superintendent's Advisory Council and the Board of Trustees throughout the year. The RISD Board of Trustees, along with management, monitors fund balance levels as a percent of projected expenditures. The Board of Trustees annually evaluates and approves non-recurring expenditures when fund balance exceeds certain levels. Should fund balance fall beneath the desired level, cuts are recommended by management, and the Board of Trustees has final approval of where cuts are made.

Student enrollment is a major factor in our long-range financial plan. Over the past 5 years, the District's enrollment has decreased by 3.8 percent from 39,268 to 37,787 students. Additionally, RISD educates an economically diverse student population, with 28 percent of students qualifying as Limited English Proficient and 57 percent qualifying as economically disadvantaged. For fiscal year 2020 -2021 peak enrollment decreased by 4.9% (1,948 students), from 39,619 to 37,671 students.

INTERNAL CONTROL

The Board and administration of RISD are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

RISD maintains budgetary controls throughout all of its financial systems. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated (official) budget as adopted by the Board of Trustees. Activities in the General Fund, Child Nutrition Fund, and Debt Service Fund are included in the official budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the fund-function level as required by the Texas Education Agency. In addition, lower level organizational units' expenditures are controlled through the District's automated financial computer systems at varying combinations of the account code structure. The system also provides controls limiting accessibility to budgetary account codes. Oversight control of all RISD expenditures is maintained by the Financial Services staff.

RISD also utilizes an encumbrance accounting system to maintain budgetary control through a transaction's life cycle. At the end of a fiscal year, outstanding encumbrances, subject to review and approval, are rolled forward into the subsequent fiscal period, with the subsequent budget amended accordingly.

As demonstrated by the statements and schedules included in the Financial Section of this report, RISD continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT

State law and District policy require an annual audit by independent certified public accountants. The Board of Trustees selected the accounting firm of Whitley Penn, LLP during fiscal year 2018 based on the recommendation of the financial management staff. Whitley Penn, LLP is the fifth accounting firm to audit the District since the 1950s.

In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the federal Single Audit Act of 1996 and related Uniform Guidance. The auditors' report on the financial statements is included in the Financial Section of this report. The auditors' reports related specifically to the single audit are included in the Federal Awards Section of this report.

AWARDS

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to RISD for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 40th consecutive year that RISD has received these prestigious awards. In order to be awarded these certificates, the RISD published an easily readable and efficiently organized annual comprehensive financial report. Such a report satisfied both accounting principles generally accepted in the United States and applicable legal requirements.

In 1999, the 76th Texas Legislature approved legislation requiring the Commissioner of Education in consultation with the Comptroller of Public Accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having a system in place to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. RISD has received the highest rating available for 19 consecutive years, since the inception of the rating system in the 2001-2002 school year.

ACKNOWLEDGMENTS

In closing, without the leadership and support of the Board of Trustees and the dedicated service of the entire staff of the Financial Services Department, preparation of this report in a timely manner would not have been possible.

Respectfully,

Jeanne Stone
Dr. Jeannie Stone, Superintendent

David Pate
David Pate, Chief Financial Officer

Kimberlyee Chappell
Kimberlyee Chappell, Executive Director
Financial Services

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Richardson Independent School District for its annual comprehensive financial report for the fiscal year ended June 30, 2020.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Richardson Independent School District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Richardson Independent School District for its annual comprehensive financial report for the fiscal year ended June 30, 2020.

The Certificate of Excellence in Financial Reporting is an award of recognition granted by the Association of School Business Officials of the United States and Canada. The award certifies that the recipient school system has presented its annual comprehensive financial report to the ASBO Panel of Review for critical review and evaluation and that the report was judged to have complied with the principles and practices of financial reporting recognized by ASBO.

Receiving the award is recognition that a school system has met the highest standards of excellence in school financial reporting.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Richardson Independent School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2020.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



Handwritten signature of W. Edward Chabal in black ink.

W. Edward Chabal
President

Handwritten signature of David J. Lewis in black ink.

David J. Lewis
Executive Director



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FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Richardson Independent School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Richardson Independent School District

Other Matters

Required Supplementary Information

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

Other Information

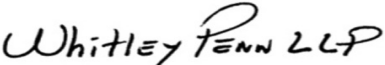
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules, other supplementary information and other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.


Dallas, Texas
November 15, 2021

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

As management of the Richardson Independent School District (the "District"), we offer the readers of these financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages v-ix of this report, as well as the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District ended the year with a total net position of \$115,167,336, of which \$23,459,076 is restricted for specific purposes (i.e. Federal/State grants, Debt Service and Child Nutrition). The net deficit reported for unrestricted net position decreased \$1,622,135 to (\$72,717,443). The remainder represents the net investments in capital assets. The change in net position is further described on page 6 of Management's Discussion and Analysis.
- The District's portion of the Net Pension Liability (\$130.5 million) and Net OPEB Liability (\$123.0 million) contributed to the deficit balance in unrestricted net position. With the adoption of GASB 75 and GASB 68, the District now has to assume its proportionate share of the Other Postemployment Benefits (OPEB) liability and Teacher Retirement System (TRS) net pension liability.
- At year end, governmental funds reported a combined fund balance of \$265,219,739, a decrease of \$42,164,120 in comparison with the prior year. This decrease is mainly attributed to spending related to on-going capital projects from the 2016 bond issuance.
- The District ended the year with an unassigned fund balance of \$94,350,389. Further details are described on page 9 of Management's Discussion and Analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The financial statements include two kinds of statements that present different views of the District. The *government-wide financial statements* provide both long-term and short-term information about the District's overall financial status. The remaining *fund financial statements* focus on individual parts of the District, reporting each of its major operations in more detail than the government-wide statements.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government it covers and the types of information it contains. The remainder of this overview section explains the structure and contents of each of the statements.

Figure A-1. Major Features of the District’s Government-Wide and Fund Financial Statements

<i>Type of Statement</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	All activities of the District (except fiduciary funds) and the District’s component units	The activities of the District that are not proprietary or fiduciary	Activities of the District that operate similarly to a private business	Activities for which the District is the trustee or agent for another entity’s resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of period-end information reported</i>	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term	Only assets, liabilities, and deferred inflows/outflows expected to be used or due during the year or soon thereafter; no capital or long-term items included	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term; the Agency’s funds do not currently contain capital assets, although they can
<i>Type of activities reported</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to private-sector business. All of the District’s services are reported in the government-wide financial statements, including but not limited to instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, food services, and capital and debt financing. Property taxes and state and federal aid finance most of these activities.

The *Statement of Net Position* presents information on all of the District’s assets, liabilities, and deferred inflows/outflows of resources, with the net of these amounts reported as net position. Net position serves as an indicator of the District’s overall financial position.

The *Statement of Activities* presents how the District’s net position changed over the course of the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All of the activities of the District are considered *governmental activities*.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants while others are established by the Board of Trustees for various purposes. The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole.

All of the District's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on (1) the flow of cash and other current financial assets and (2) the balance of spendable resources available at the end of the fiscal year. Such information provides a detailed, short-term view of the current financial resources available to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. We provide reconciliations of the fund financial statements to the government-wide financial statements in Exhibits C-1R and C-2R to facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintains seven governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and in the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund, the special revenue Child Nutrition Fund, the Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds. The District's Federal Grants, State Grants and Local Funds are special revenue funds reported together as Non-Major Governmental Funds.

The District adopts annual appropriated budgets for the General Fund, Child Nutrition Fund and Debt Service Fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

The governmental fund financial statements can be found on pages 16 and 18 of this report.

Proprietary Funds are used to account for operations that are financed similarly to those found in the private sector. These funds provide both long- and short-term financial information. The District maintains one type of proprietary fund, *internal service funds*. These funds are used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to report activities that provide services within the District, such as workers' compensation, print shop, discretionary renovations, and building supplies. Because these services predominately benefit governmental functions, they have been included as *governmental activities* within the government-wide financial statements.

The proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. The District acts in a trustee capacity and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. However, these funds are not reported in the government-wide financial statements because their resources are not available to support the District's operations.

The fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-55 of this report.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information are combining schedules for the District's Non-Major Governmental Funds.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$115.2 million.

Table A-2
The District's Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase/ (Decrease)</u>
Assets:			
Current and Other Assets	\$ 346,737,439	\$ 382,771,731	\$ (36,034,292)
Capital Assets	704,948,498	765,457,891	(60,509,393)
Total Assets	<u>1,051,685,937</u>	<u>1,148,229,622</u>	<u>(96,543,685)</u>
Deferred Outflows of Resources	81,396,162	100,451,844	(19,055,682)
Liabilities:			
Current Liabilities	77,493,251	72,624,993	4,868,258
Long Term Liabilities	828,058,956	930,946,439	(102,887,483)
Total Liabilities	<u>905,552,207</u>	<u>1,003,571,432</u>	<u>(98,019,225)</u>
Deferred Inflows of Resources	112,362,556	88,361,661	24,000,895
Net Position:			
Net Investment in Capital Assets	164,425,703	205,627,885	(41,202,182)
Restricted	23,459,076	22,215,796	1,243,280
Unrestricted	(72,717,443)	(71,095,308)	(1,622,135)
Total Net Position	<u>\$ 115,167,336</u>	<u>\$ 156,748,373</u>	<u>\$ (41,581,037)</u>

Current and other assets decreased in governmental activities by \$36 million from the prior year. This decrease is due to on-going capital projects funded by the 2016 bond authorization.

Long term liabilities, which consist of bonds, leases, compensated absences and post-employment benefit obligations, decreased by \$102.9 million. Outstanding bonds (including accreted interest and unamortized bond premiums) decreased by \$68.5 million due to the refunding of \$38.4 million of outstanding bond and the \$54 million principal payment in February 2021. In addition, net pension and OPEB liabilities decreased by \$33.7 million due to the decrease in the District's share of the state's liabilities for these plans.

The largest portion of the District's net position is its investment in capital assets (e.g., land, buildings, furniture and equipment), net of any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to

repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

The District's overall net position decreased \$41,614,390 from June 30, 2020 to June 30, 2021. The total cost of all governmental activities as of June 30, 2021 was \$594,486,813. Approximately \$97.2 million of these costs were funded by program revenues and charges for services directly attributable to specific activities. The remaining costs were funded primarily by property taxes and state revenue, which are not attributable to specific programs.

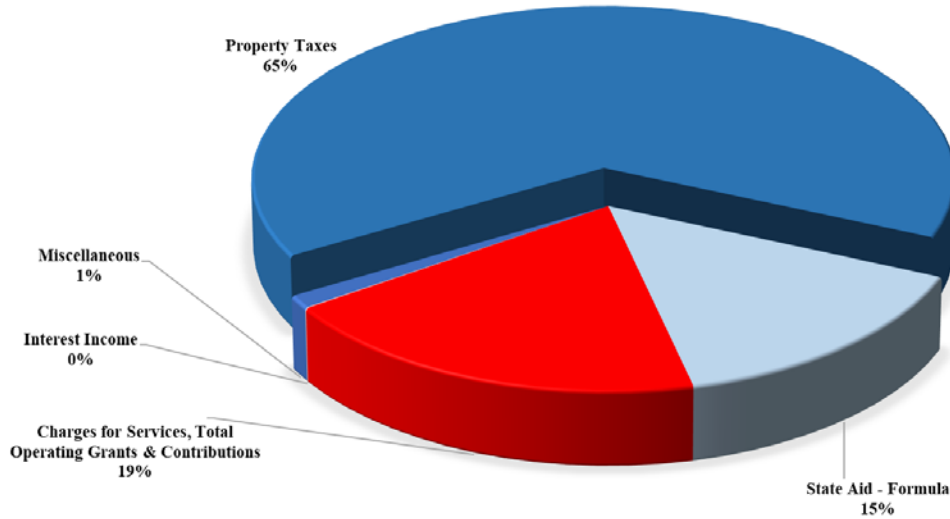
The following Table A-3 illustrates the changes in net position from June 30, 2020 to June 30, 2021. This information is also found on the government-wide *Statement of Activities* (Exhibit B-1).

Table A-3
Schedule of Changes in the District's Net Position for Government-Wide Activities

	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Increase/ (Decrease)
Revenues			
Program Revenues			
Charges for Services	\$ 5,663,776	\$ 8,314,719	\$ (2,650,943)
Operating Grants and Contributions	91,515,992	93,289,029	(1,773,037)
General Revenues			
Property Taxes	358,496,003	342,520,948	15,975,055
State Aid - Formula	82,052,490	87,495,161	(5,442,671)
Grants and Contributions	8,178,422	7,587,849	590,573
Interest Income	364,343	5,734,398	(5,370,055)
Other	6,601,397	4,180,349	2,421,048
Total Revenues	<u>552,872,423</u>	<u>549,122,453</u>	<u>3,749,970</u>
Expenses			
Instruction	362,147,831	310,669,673	51,478,158
Instructional Resources and Media Services	8,608,120	9,110,251	(502,131)
Curriculum Development	16,237,179	17,489,720	(1,252,541)
Instructional Leadership	8,192,297	8,431,184	(238,887)
School Leadership	28,397,930	31,230,907	(2,832,977)
Guidance, Counseling, and Evaluation Services	23,551,978	23,328,893	223,085
Social Work Services	1,799,232	1,594,503	204,729
Health Services	6,028,419	5,461,416	567,003
Student Transportation	9,917,381	12,171,818	(2,254,437)
Food Service	13,440,616	17,406,691	(3,966,075)
Co-Curricular/Extracurricular Activities	10,516,548	8,651,903	1,864,645
General Administration	17,994,236	11,975,421	6,018,815
Plant Maintenance and Operations	48,671,563	49,935,972	(1,264,409)
Security and Monitoring Services	3,910,925	3,163,076	747,849
Data Processing Services	7,291,481	7,903,772	(612,291)
Community Services	1,913,510	1,756,205	157,305
Interest Expense	16,779,679	22,300,611	(5,520,932)
Bond Issuance Costs and Fees	3,414,037	432,962	2,981,075
Contracted Instructional Services Between Schools	1,196,543	535,409	661,134
Payments Related to Shared Service Arrangements	1,482,518	969,937	512,581
Juvenile Justice Alternative Education Program	3,000	3,000	-
Payments to Tax Increment Fund	1,817,765	1,493,652	324,113
Other Intergovernmental Charges	1,174,025	1,167,100	6,925
Total Expenses	<u>594,486,813</u>	<u>547,184,076</u>	<u>47,302,737</u>
Change in Net Position	(41,614,390)	1,938,377	(43,552,767)
Beginning Net Position	156,748,373	154,809,996	1,938,377
Prior Period Adjustment	33,353	-	33,353
Total Net Position, as restated	<u>\$ 115,167,336</u>	<u>\$ 156,748,373</u>	<u>\$ (41,581,037)</u>

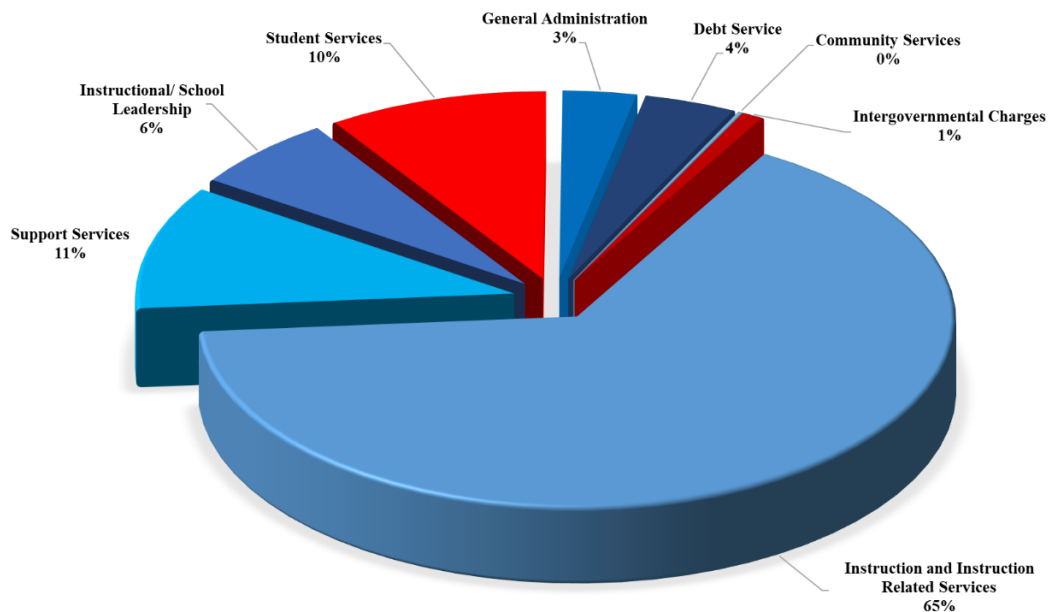
The following Figure A-4 illustrates the District’s sources of revenue for the 2021 fiscal year. General revenues totaled \$455.7 million, an increase of \$8.2 million from fiscal year 2020. However, the COVID 19 pandemic impacted funds collected from students for instructional and extra-curricular programs and meals provided by Child Nutrition Services. Overall, program revenues decreased by \$4.4 million

**FIGURE A-4
SOURCES OF REVENUE FOR THE FISCAL YEAR ENDED JUNE 30, 2021**



For the year ended June 30, 2021, the District’s total cost of all programs and services totaled \$497.3 million. The following Figure A-5 depicts the net costs of services (total cost less program revenue and intergovernmental aid) for the District aggregated by functional areas. Approximately 65% of the District’s governmental activities were dedicated to instructional areas. Direct student services, such as guidance and counseling, nursing, and transportation services, comprised 10% of governmental expenses. The cost to operate facilities, including utilities, security and data processing comprised 11% of net costs.

**Figure A-5
Net Cost for the Fiscal Year Ended June 30, 2021**



FUND LEVEL FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to demonstrate compliance with finance-related legal requirements and to provide a more detailed account of specific District programs and activities.

Governmental Funds

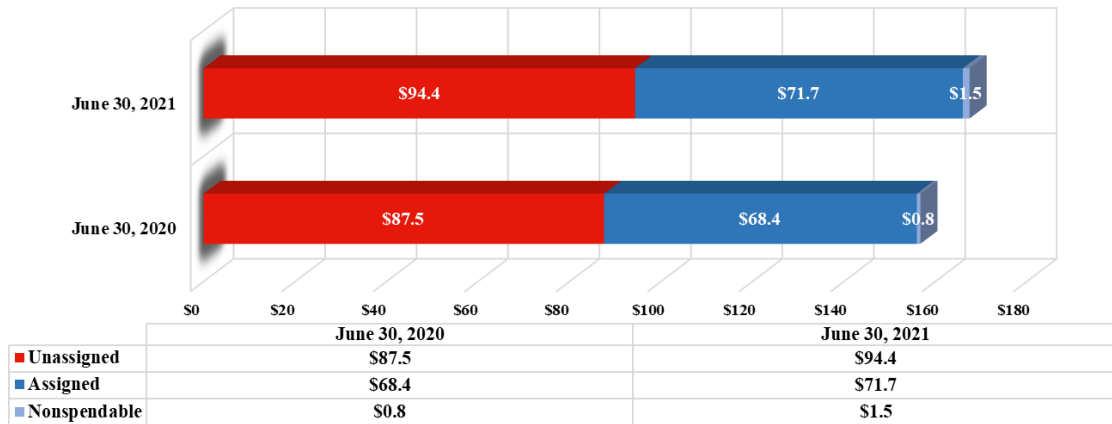
The focus of the District’s governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for discretionary use since this is the portion of fund balance that has not yet been limited to a particular purpose.

The General Fund is the chief operating fund of the District. At June 30, 2021, the fund balance in the General Fund was \$167,492,847, representing a 6.9% increase from the prior year of 160,759,744. Fifty-six percent (56%) of the fund balance in the General Fund was unassigned (\$94,350,389).

Approximately 32% of this increase can be attributed to receipt of Elementary and Secondary School Emergency Relief (ESSER) funding, which was used to offset \$3.4 million in costs normally expended from the General Fund.

It is useful to compare unassigned fund balance to total expenditures for the fund as a measure of liquidity – to determine the portion of annual operating costs that could be funded without cash inflows. For fiscal year 2021, the unassigned fund balance represents 25% of total General Fund expenditures.

**Figure A-6
Components of Fund Balance
General Fund
(in millions of dollars)**



At June 30, 2021, the District’s governmental funds reported combined fund balances of \$265,219,739, a decrease of \$42.2 million from June 30, 2020. Approximately 35.6% (\$94,350,389) of the total combined fund balances is unassigned and available for spending at the District’s discretion. The remainder of the fund balances is either non-spendable, restricted, committed, or assigned:

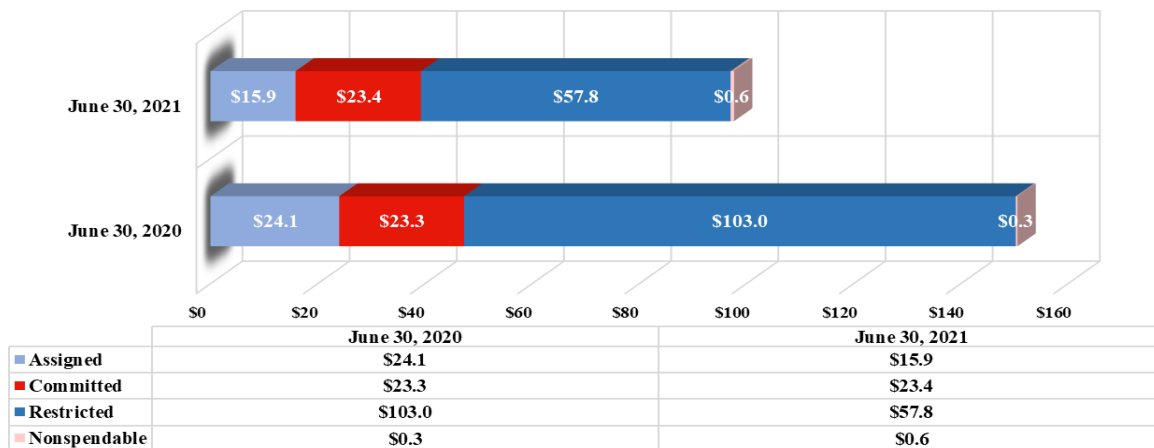
- *Non-spendable* means the balance is not in spendable form (e.g. inventories and prepaid items). The total balance of non-spendable funds is \$2,131,628.
- *Restricted* balances are legally required to be maintained intact or are restricted for particular purposes by a third party (e.g. funds restricted by bond covenants or by federal granting agencies). The total combined restricted balance for governmental funds is \$57,788,523.

- *Committed* balances total \$23,385,208 and are committed to serve a particular purpose by the District’s Board of Trustees. This total includes funds committed for the District’s local Permanent School Fund, a sub-fund of the non-major Local Funds, which had a balance of \$20,300,488 at June 30, 2021.
- *Assigned* balances are tentatively earmarked by management for a particular program or purpose. Total assigned funds at June 30, 2021 totaled \$87,563,991.

Further information on each type of fund balance can be found within Note 1 on pages 30-31 of this report.

The overall decrease in fund balance is mainly attributed to the Capital Projects Fund, which recognized a decrease of \$53.3 million. This decrease in fund balance was due to the construction the multi-purpose activity centers, the renovation of campuses and classrooms, the maintenance of existing infrastructure, and technology projects dedicated to improving the overall educational experience of our students. The change in fund balance in the Capital Projects Fund resulted in the decrease in total restricted fund balance illustrated in Figure A-7 below.

**Figure A-7
Components of Fund Balance
Other Governmental Funds
(in millions of dollars)**



Changes in the fund balances of other individual governmental funds were as follows:

- The Child Nutrition Fund recognized a decrease in fund balance of \$2,658,462 during the 2021 fiscal year, which resulted from less revenue collected from the sale of meals due to the COVID-19 pandemic.
- The Debt Service Fund recognized an increase in fund balance of \$2,445,189 during the 2021 fiscal year, which resulted from the savings incurred from the refunding of \$38.4 million in outstanding bonds.
- Non-Major Governmental Funds increased by \$560,255 during the 2021 fiscal year. The majority of these funds are used to account for reimbursement grants, which receive revenues as expenditures occur and therefore do not carry a fund balance. Smaller state and local grants with funds that roll over from year to year are responsible for the net change in fund balance. The majority of the fund balance belongs to the District’s Permanent School Fund, which is controlled by the Board of Trustees.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget

During the year, the original appropriations budget increased by \$16.97 million. No changes were made to the estimated revenue budget during the year. Significant budget amendments made during the year are summarized below:

- Student transportation was increased by \$2.8 million (27%) to amend budget for a prior year encumbrance to purchase a school bus;
- General administration was increased by \$1.6 million (16%) to cover costs to Dallas County for election services (\$400,000), to Huckabee Architects for bond campaign services (\$218,650) and Texas Workforce Commission for increased unemployment costs incurred due to COVID 19 pandemic (\$648,893);
- Maintenance and operations increased by \$8.1 million (27%) to cover additional costs incurred due to COVID 19 pandemic; and
- Security and monitoring services increased by \$860,940 (33%) to cover the additional costs for the contractual services provided by the Cities of Richardson and Dallas.

Final Budget Compared to Actual Results

As of June 30, 2021, actual revenue exceeded the final budget by \$9.9 million, and the appropriations budget exceeded actual expenditures by \$26.4 million. The most significant variances are summarized below:

- Property tax collections exceeded the revised budget by \$6.6 million;
- Funding from the State exceeded the revised budget by \$2.2 million;
- Tuition from the XPlore programs fell short of the revised by \$1.3 million due to a reduction in participation because of the COVID-19 pandemic; and
- Expenditures varied due to unfilled positions, attrition and unspent funds within departmental budgets.

Budget amendments and adjustments were made over the course of the year to account for prior year rollovers of encumbered funds and to give flexibility within functional budgets. Additionally, significant amendments were made at the end of the fiscal year in anticipation of liabilities that may be owed but not paid by June 30 and to safeguard against overspending at the fund-function level.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets as of June 30, 2021 totals \$704,948,498 (net of accumulated depreciation). This investment in capital assets includes land, equipment, buildings, communications systems, and vehicles and represents a 7.9% net decrease in capital assets from June 30, 2020.

**Table A-8
District's Capital Assets**

	<u>As of June 30, 2021</u>	<u>As of June 30, 2020</u>	<u>Increase/ Decrease</u>
Land and Improvements	\$ 64,674,300	\$ 52,077,997	\$ 12,596,303
Buildings and Improvements	1,099,610,652	1,056,896,349	42,714,303
Furniture, Equipment and Other	142,376,519	139,175,355	3,201,164
Construction in Progress	11,976,925	37,045,757	(25,068,832)
Total	1,318,638,396	1,285,195,458	33,442,938
Accumulated Depreciation	(613,689,898)	(519,737,567)	(93,952,331)
Net Capital Assets	\$ 704,948,498	\$ 765,457,891	\$ (60,509,393)

During the fiscal year, the District lowered the salvage value for furniture and equipment from 10% to 0%, which resulted in a one-time increase to the annual depreciation expense.

More detailed information about the District's capital assets can be found in Note 5 on pages 36-37 of this report.

Long-Term Debt

The District's debt-management policies seek to provide the most favorable climate for debt projects while adhering to taxpayers' expectations that the District will be a prudent and conservative steward with the tax dollars that have been entrusted to it. Management's policies include the following points:

- All debt service obligations will be met when due.
- A financial advisor is consulted regularly to review outstanding obligations and ensure the most favorable funding structure for the District.
- Debt will be structured to recognize positive debt savings.
- The District will maintain a goal of generally matching asset lives with the maturities of liabilities incurred, which will also maintain our aggressive debt repayment schedule.
- The District will build capacity for debt in the debt plan and maintain debt capacity for the future.
- The District will cooperate and communicate with bond-rating agencies and work towards obtaining the most favorable municipal bond rating possible.
- All necessary information and material regarding the District's financial statuses will be provided to the appropriate parties.
- The District will continue to develop debt plans with community input.

The District maintained its high underlying credit ratings of AA+ from Standard & Poor's Corporation and Aaa from Moody's Investors Service during the fiscal year. Our bonds qualify for the AAA State's Permanent School Fund Guarantee. These ratings result in lower debt issuance costs for the District.

At the end of the 2021 fiscal year, the District had total bonded debt outstanding of \$513,480,000, all of which is considered to be direct tax supported debt. The remainder of the District's long-term obligations is comprised of actuarially determined workers compensation claims payable, compensated absences, and capital financing arrangements.

Table A-9
District's Debt Outstanding

	<u>As of June 30, 2021</u>	<u>As of June 30, 2020</u>	<u>Increase/ Decrease</u>
Unlimited Tax School Building Bonds	\$ 290,781,445	\$ 345,810,000	\$ (55,028,555)
Unlimited Tax Refunding Bonds	222,698,555	224,150,829	(1,452,274)
Accreted Interest on Capital Appreciation Bonds	-	3,444,042	(3,444,042)
Unamortized Bond Premium	58,814,831	67,392,780	(8,577,949)
Compensated Absences	1,004,617	998,259	6,358
Capital Financing Agreements	4,792	359,632	(354,840)
Workers' Compensation Claims Payable	1,283,147	1,598,477	(315,330)
District's Portion of TRS Net Pension Liability	130,453,450	133,275,141	(2,821,691)
District's Portion of Net OPEB Liability	123,018,119	153,917,279	(30,899,160)
Total Long-Term Debt	<u>\$ 828,058,956</u>	<u>\$ 930,946,439</u>	<u>\$ (102,887,483)</u>

The District's total outstanding long-term debt decreased by 11% from the prior fiscal year. In addition to the \$54.8 million of principal payments made in during the year, the District paid off an additional \$38,405,000 (\$32.16 million of Series 2013 building and refunding and \$6.245 million of Series 2014A building bonds). This early extinguishment of debt resulted in savings of \$6.0 million of future interest payments.

Note 7 on pages 37-40 of this report contains more detailed information about the District's long-term debt activity, including incremental payment schedules. The amount of general bonded debt outstanding and the total primary government debt per capita are also useful indicators of the District's debt position. That data is represented in Exhibit S-12 on page 85 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered many factors when setting the budget. The District's main priority is student achievement gains, achieved by focusing on the following Board goals:

- The percent of students who score at the meets level in 3rd grade reading will grow from 47% to 60% by June 2024.
- The percent of students who score at the meets level in 3rd grade math will grow from 52% to 65% by June 2024.
- Percent of students completing Algebra I and meeting standard on Algebra I End of Course (EOC) before entering high school will increase from 38% to 50% by June 2024.
- College, Career, Military Readiness (CCMR) indicator score for all students will increase from 65% to 79% by June 2024.
- Graduation rate for all RISD students will increase from 88% to 98% by June 2024.

The 2021-2022 budget, adopted on June 14, 2021, was built to foster the achievement of these goals in a financially sustainable manner.

The General Operating budget was built on a projected student enrollment of 38,787. As of October 29, 2021 student enrollment was 37,671. District staff are working to locate students and determine why they did not return for the 2021-22 school year.

The District's property value grew by 1.4% and the M&O tax rate decreased from \$1.0547 to \$1.0409 per hundred dollars of valuation. The General Operating revenue budget increased by \$1,657,650 million when compared to 2020-2021. The majority of the increase was in property tax revenues which offset expected declines in state funding.

The 2021-2022 General Operating budget appropriations decreased by \$4.6 million when compared to the 2020-2021 budget. The 2021-2022 budget anticipates \$11.1 million in expenditures being offset by ESSER (Elementary and Secondary School Emergency Relief) funding.

District staff continue to monitor the impact of the COVID-19 pandemic on the budget and make changes as necessary.

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 Chief Financial Officer at 400 South Greenville Avenue, Richardson, Texas 75081, or call (469) 593-0331.



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Basic Financial Statements



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Government-wide Financial Statements



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Richardson Independent School District
Statement of Net Position
June 30, 2021

Exhibit A - 1

<u>Data Control Codes</u>		<u>1</u> <u>Governmental</u> <u>Activities</u>
ASSETS		
1110	Cash and investments	\$ 299,241,058
1120	Current Investments	7,052,454
1220	Delinquent property taxes receivables	9,219,317
1230	Allowance for uncollectible taxes	(1,334,295)
1240	Due from other governments	30,288,811
1250	Accrued interest	1,768
1290	Other receivables (net)	136,698
1300	Inventories	1,576,537
1410	Prepaid Items	555,091
	Capital assets:	
1510	Land	57,246,360
1520	Buildings and improvements, net	613,110,372
1530	Furniture and equipment, net	17,689,414
1550	Capital lease assets, net	4,800
1560	Library books and media, net	53,548
1580	Construction in progress	11,976,925
1590	Communication systems, net	4,867,079
1000	Total assets	<u>1,051,685,937</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred losses on debt refundings	4,014,044
1705	Deferred pension outflows	49,178,048
1710	Deferred OPEB outflows	28,204,070
1700	Total deferred outflows of resources	<u>81,396,162</u>
LIABILITIES		
2110	Accounts payable	9,877,869
2120	Other liabilities	1,167,834
2140	Interest payable	8,446,998
2150	Payroll deductions & withholdings	2,742,319
2160	Accrued wages payable	40,749,778
2180	Due to other governments	357,739
2300	Unearned revenue	13,697,327
2400	Retainage payable	453,387
	Noncurrent liabilities:	
2501	Due within one year	34,351,047
2502	Due in more than one year	540,236,340
2540	Net pension liability	130,453,450
2545	Net OPEB liability	123,018,119
2000	Total liabilities	<u>905,552,207</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred pension inflows	21,240,810
2610	Deferred OPEB inflows	91,121,746
2600	Total deferred inflows of resources	<u>112,362,556</u>
NET POSITION		
3200	Net investment in capital assets	164,425,703
	Restricted for:	
3820	Federal and state grants	741,977
3850	Debt service	21,330,975
3890	Child nutrition	1,386,124
3900	Unrestricted	(72,717,443)
3000	Total net position	<u>\$ 115,167,336</u>

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

**Richardson Independent School District
Statement of Activities
For the year ended June 30, 2021**

Exhibit B - 1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		6 Governmental Activities
			3 Charges for Services	4 Operating Grants and Contributions	
Primary government:					
Governmental activities:					
11	Instruction	\$ 362,147,831	\$ 1,863,380	\$ 49,869,532	\$ (310,414,919)
12	Instructional resources and media services	8,608,120	-	656,154	(7,951,966)
13	Curriculum and staff development	16,237,179	-	9,309,050	(6,928,129)
21	Instructional leadership	8,192,297	-	1,665,237	(6,527,060)
23	School leadership	28,397,930	-	3,634,405	(24,763,525)
31	Guidance, counseling, and evaluation services	23,551,978	-	5,185,275	(18,366,703)
32	Social work services	1,799,232	-	386,679	(1,412,553)
33	Health services	6,028,419	-	673,924	(5,354,495)
34	Student transportation	9,917,381	-	985,078	(8,932,303)
35	Food Service	13,440,616	1,447,874	8,163,724	(3,829,018)
36	Extracurricular activities	10,516,548	364,921	816,756	(9,334,871)
41	General administration	17,994,236	-	2,207,634	(15,786,602)
51	Plant maintenance and operations	48,671,563	1,987,601	3,242,270	(43,441,692)
52	Security and monitoring services	3,910,925	-	956,241	(2,954,684)
53	Data processing services	7,291,481	-	969,200	(6,322,281)
61	Community services	1,913,510	-	1,112,106	(801,404)
72	Interest on long-term debt	16,779,679	-	564,682	(16,214,997)
73	Bond Issuance costs and fees	3,414,037	-	-	(3,414,037)
91	Contracted instructional services between schools	1,196,543	-	-	(1,196,543)
93	Payments related to shared services arrangements	1,482,518	-	1,118,045	(364,473)
95	Juvenile justice alternative education programs	3,000	-	-	(3,000)
97	Payments to tax increment fund	1,817,765	-	-	(1,817,765)
99	Other intergovernmental charges - appraisal cost	1,174,025	-	-	(1,174,025)
TG	Total governmental activities	\$ 594,486,813	\$ 5,663,776	\$ 91,515,992	(497,307,045)
TP	TP Total primary government	\$ 594,486,813	\$ 5,663,776	\$ 91,515,992	\$ (497,307,045)

Data Control General revenues:

<u>Codes</u>	Taxes:	
MT	Property taxes, levied for general purposes	270,859,001
DT	Property taxes, levied for debt service	87,637,002
SF	State aid-formula grants, unrestricted	82,052,490
GC	Grants and contributions not restricted to specific programs	8,178,422
IE	Investment earnings	364,343
MI	Miscellaneous	6,601,397
TR	Total general revenues	<u>455,692,655</u>
CN	Change in net position	(41,614,390)
NB	Net position—beginning	156,748,373
PA	Prior Period Adjustment	33,353
NE	Net position—ending	<u>\$ 115,167,336</u>

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

Governmental Funds Financial Statements



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Richardson Independent School District
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit C - 1

Data Control Codes	10 General Fund	24 Child Nutrition Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-major Governmental Funds	98 Total Governmental Funds	
ASSETS							
1110	Cash and investments	\$ 188,921,214	\$ 2,958,495	\$ 27,497,026	\$ 56,517,451	\$ 20,910,342	\$ 296,804,528
1120	Current investments					4,029,974	4,029,974
1220	Delinquent property taxes receivable	7,022,822	-	2,196,495	-	-	9,219,317
1230	Allowance for uncollectible taxes	(1,047,733)	-	(286,562)	-	-	(1,334,295)
1240	Receivables from other governments	19,123,186	111,615	17,804	-	11,036,206	30,288,811
1250	Accrued interest		-	-	-	1,010	1,010
1260	Due from other funds	15,794,679	99,602	434,118	525,506	545,490	17,399,395
1290	Other receivables	23	-	-	-	136,675	136,698
1300	Inventories	1,455,625	120,912	-	-	-	1,576,537
1410	Prepaid Items	34,045	19,715	-	101,611	399,720	555,091
1000	Total assets	<u>231,303,861</u>	<u>3,310,339</u>	<u>29,858,881</u>	<u>57,144,568</u>	<u>37,059,417</u>	<u>358,677,066</u>
LIABILITIES							
2110	Accounts payable	3,488,776	464,820	43,799	4,474,685	1,355,337	9,827,417
2120	Other liabilities	596,238	8,175	-	335,715	223,954	1,164,082
2150	Payroll deductions and withholdings	2,742,319	-	-	-	-	2,742,319
2160	Accrued wages payable	36,539,098	372,351	-	2,168	3,828,600	40,742,217
2170	Due to other funds	1,604,556	1,061,968	-	8,103,015	6,529,059	17,298,598
2180	Payable to other governments		-	-	-	357,739	357,739
2300	Unearned revenue	13,405,494	16,901	37,109	-	237,823	13,697,327
2400	Retainage payable	-	-	-	453,387	-	453,387
2000	Total liabilities	<u>58,376,481</u>	<u>1,924,215</u>	<u>80,908</u>	<u>13,368,970</u>	<u>12,532,512</u>	<u>86,283,086</u>
DEFERRED INFLOWS OF RESOURCES							
2600	Unavailable property tax revenue	5,434,533	-	1,739,708	-	-	7,174,241
	Total deferred inflows of resources	<u>5,434,533</u>	<u>-</u>	<u>1,739,708</u>	<u>-</u>	<u>-</u>	<u>7,174,241</u>
FUND BALANCES							
Nonspendable:							
3410	Inventories	1,455,625	120,912	-	-	-	1,576,537
3430	Prepaid Items	34,045	19,715	-	101,611	399,720	555,091
Restricted for:							
3450	Child nutrition program	-	1,245,497	-	-	-	1,245,497
3450	Federal and state grants	-	-	-	-	741,977	741,977
3470	Capital acquisitions and contractual obligations	-	-	-	27,762,784	-	27,762,784
3480	Retirement of long term debt	-	-	28,038,265	-	-	28,038,265
Committed to:							
3545	Local grants, awards and contributions	-	-	-	-	23,385,208	23,385,208
Assigned to:							
3550	Construction	25,000,000	-	-	15,911,203	-	40,911,203
3560	Claims and judgments	2,000,000	-	-	-	-	2,000,000
3590	Insurance deductible	8,000,000	-	-	-	-	8,000,000
3590	Instructional projects	6,000,000	-	-	-	-	6,000,000
3590	Compensated absences	1,004,617	-	-	-	-	1,004,617
3590	Equipment acquisition, repair and replacement	22,732,091	-	-	-	-	22,732,091
3590	2021-2022 Budget Deficit	6,916,080	-	-	-	-	6,916,080
3600	Unassigned	94,350,389	-	-	-	-	94,350,389
3000	Total fund balances	<u>167,492,847</u>	<u>1,386,124</u>	<u>28,038,265</u>	<u>43,775,598</u>	<u>24,526,905</u>	<u>265,219,739</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 231,303,861</u>	<u>\$ 3,310,339</u>	<u>\$ 29,858,881</u>	<u>\$ 57,144,568</u>	<u>\$ 37,059,417</u>	<u>\$ 358,677,066</u>

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

Richardson Independent School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Exhibit C - 1R

Total fund balances - governmental funds (Exhibit C-1)	\$ 265,219,739
<p>Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	704,948,498
Certain receivables will be earned this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred inflows of resources at the fund level.	7,174,241
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(513,480,000)
Accrued interest on the bonds	(8,446,998)
Compensated absences	(1,004,617)
Capital leases payable	(4,792)
Unamortized bond premium	(58,814,831)
Accounting losses resulting from debt refunding transactions are deferred outflows of resources at the government-wide level and amortized over the life of the debt.	4,014,044
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation. The assets and liabilities of the internal service funds (Exhibit D-1) are included in governmental activities in the Statement of Net Position.	4,014,059
The District's portion of the TRS net pension liability and related deferred inflows and deferred outflows are not current in nature and therefore not reported in the funds.	(102,516,212)
The District's portion of the TRS OPEB liability and related deferred inflows and deferred outflows are not current in nature and therefore not reported in the funds.	(185,935,795)
Total net position - governmental activities (Exhibit A-1)	\$ 115,167,336

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

Richardson Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

Exhibit C - 2

Data	10	24	50	60		98
Control	General	Child	Debt	Capital	Non-major	Total
Codes	Fund	Nutrition	Service	Projects	Governmental	Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES						
5700	Local and intermediate sources	\$ 275,874,849	\$ 1,502,226	\$ 89,269,360	\$ 175,976	\$ 370,370,966
5800	State program revenues	102,799,909	85,009	564,682	-	107,714,064
5900	Federal program revenues	10,424,923	8,070,722	-	-	45,865,525
5020	Total revenues	<u>389,099,681</u>	<u>9,657,957</u>	<u>89,834,042</u>	<u>175,976</u>	<u>523,950,555</u>
EXPENDITURES						
Current:						
0011	Instruction	231,013,516	-	-	12,712,876	263,744,096
0012	Instructional resources and media services	5,345,697	-	-	2,637,798	8,019,392
0013	Curriculum and staff development	7,902,338	-	-	7,677	15,114,810
0021	Instructional leadership	6,501,811	-	-	168,408	7,562,348
0023	School leadership	25,505,424	-	-	158	26,089,844
0031	Guidance, counseling, and evaluation services	19,061,914	-	-	31,045	21,866,958
0032	Social work services	1,323,937	-	-	2,856	1,655,610
0033	Health services	5,353,729	-	-	186,100	5,558,136
0034	Student transportation	11,228,433	-	-	-	11,228,433
0035	Food service	588,693	12,104,616	-	197,777	12,899,079
0036	Extracurricular activities	5,758,655	-	-	2,394,904	8,458,197
0041	General administration	10,361,595	-	-	1,242,912	11,795,820
0051	Plant maintenance and operations	35,357,860	211,803	-	5,543,910	41,233,865
0052	Security and monitoring services	3,011,104	-	-	1,020	3,767,376
0053	Data processing services	5,222,659	-	-	1,257,798	6,925,317
0061	Community services	858,729	-	-	-	1,761,197
Debt service:						
0071	Principal on long-term debt	-	-	54,750,829	354,840	55,105,669
0072	Interest on long-term debt	-	-	27,808,311	624	27,808,935
0073	Bond issuance costs and fees	-	-	3,414,037	-	3,414,037
Capital outlay:						
0081	Facilities acquisition and construction	11,428	-	-	26,706,119	26,717,547
Intergovernmental charges:						
0091	Contracted instructional services between schools	1,196,543	-	-	-	1,196,543
0093	Payments related to shared services arrangements	469,547	-	-	-	1,482,518
0095	Juvenile justice alternative education programs	3,000	-	-	-	3,000
0097	Payments to tax increment fund	-	-	1,817,765	-	1,817,765
0099	Other intergovernmental charges - appraisal cost	1,174,025	-	-	-	1,174,025
6030	Total expenditures	<u>377,250,637</u>	<u>12,316,419</u>	<u>87,790,942</u>	<u>53,446,822</u>	<u>566,400,517</u>
1100	Excess (deficiency) of revenues over expenditures	<u>11,849,044</u>	<u>(2,658,462)</u>	<u>2,043,100</u>	<u>(53,270,846)</u>	<u>(42,449,962)</u>
OTHER FINANCING SOURCES (USES)						
7901	Refunding bonds issued	-	-	36,675,000	-	36,675,000
7912	Sale of real or personal property	123,859	-	-	-	123,859
7915	Transfers in	26,947	-	-	1,000,000	1,026,947
7916	Premium on issuance of bonds	-	-	2,862,212	-	2,862,212
8911	Transfers out	(1,240,106)	-	-	(26,947)	(1,267,053)
8949	Payment to bond refunding escrow agent	-	-	(39,135,123)	-	(39,135,123)
7080	Total other financing sources and (uses)	<u>(1,089,300)</u>	<u>-</u>	<u>402,089</u>	<u>-</u>	<u>285,842</u>
1200	Net change in fund balances	10,759,744	(2,658,462)	2,445,189	(53,270,846)	(42,164,120)
0100	Fund balances--beginning	156,733,103	4,044,586	25,593,076	97,046,444	307,350,506
1300	Prior Period Adjustment(s)	-	-	-	33,353	33,353
3000	Fund balances--ending	<u>\$ 167,492,847</u>	<u>\$ 1,386,124</u>	<u>\$ 28,038,265</u>	<u>\$ 43,775,598</u>	<u>\$ 265,219,739</u>

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

Richardson Independent School District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2021

Exhibit C - 2R

Net change in fund balances—total governmental funds (Exhibit C-2)	\$	(42,164,120)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures.</p>		
<p>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 depreciation (\$94,333,215) exceeded capital outlays (\$33,930,387) in the current period.</p>		(60,402,828)
<p>In the statement of activities, only the loss on the asset disposals are reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets disposed.</p>		(106,565)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		725,370
<p>Repayment of long-term debt principal on bond and capital leases and payments of accreted interest on capital appreciation bonds are expenditures in the governmental funds, but these activities reduce long-term liabilities in the statement of net position.</p>		93,510,669
<p>Bond issuances are shown as other resources in the governmental funds but are shown as increases in long-term debt in the statement of net position.</p>		(39,537,212)
<p>Amortization of bond premiums</p>		11,440,161
<p>Accreted interest on capital appreciation bonds</p>		3,444,042
<p>Change in interest payable</p>		1,162,091
<p>Change in compensated absences</p>		(6,358)
<p>The excess of the reacquisition price of refunded debt over its carrying amount is reported as a net deferred gain added to the deferred loss.</p>		(106,736)
<p>Amortization of deferred loss on refunding</p>		(777,561)
<p>Internal service funds are used by management to charge the costs of certain activities, such as workman's compensation, to individual funds. The net revenue (expense) of the internal service funds (Exhibit D-2) is reported with governmental activities.</p>		(343,914)
<p>Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net pension liability affect government-wide pension expense but have no impact at the governmental fund level.</p>		(10,896,211)
<p>Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS OPEB liability affect government-wide pension expense but have no impact at the governmental fund level.</p>		2,444,782
<p>Change in net position of governmental activities (Exhibit B-1)</p>	\$	(41,614,390)

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

Proprietary Funds Financial Statements



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Richardson Independent School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

Exhibit D - 1

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Funds (See H-4)</u>
ASSETS		
Current assets:		
1110	Cash and Investments	\$ 2,436,530
1120	Current Investments	3,022,480
1250	Accrued interest	758
	Total current assets	5,459,768
	Total assets	5,459,768
LIABILITIES		
Current liabilities:		
2110	Accounts payable	50,452
2120	Other Liabilities	3,912
2160	Accrued wages payable	7,561
2170	Due to other funds	100,637
2210	Claims and judgments	504,398
	Total current liabilities	666,960
Noncurrent liabilities:		
2210	Claims and judgments	778,749
	Total noncurrent liabilities	778,749
	Total liabilities	1,445,709
NET POSITION		
3900	Unrestricted	4,014,059
	Total net position	\$ 4,014,059

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

Richardson Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2021

Exhibit D - 2

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Funds (See H-5)</u>
	Operating revenues:	
5754	Charges for services	\$ 1,267,850
	Total operating revenues	<u>1,267,850</u>
	Operating expenses:	
6100	Personnel services	659,322
6200	Contractual services	357,262
6300	Supplies	146,948
6429	Insurance claims and expenses	705,843
6400	Other operating expenses	2,494
	Total operating expenses	<u>1,871,869</u>
	Operating loss	<u>(604,019)</u>
	Nonoperating revenues:	
5742	Interest and investment revenue	19,999
	Total non-operating revenue	<u>19,999</u>
	Loss before transfers	<u>(584,020)</u>
	Transfers:	
7915	Transfers in	261,180
8911	Transfers out	(21,074)
	Total transfers	<u>240,106</u>
	Change in net position	(343,914)
	Total net position—beginning	<u>4,357,973</u>
3540	Total net position—ending	<u>\$ 4,014,059</u>

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

**Richardson Independent School District
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021**

Exhibit D - 3

	Governmental Activities Internal Service Funds (See H-6)
CASH FLOWS FROM OPERATING ACTIVITIES	
Internal activity - receipts from other funds	1,340,633
Payments to suppliers	(1,219,937)
Payments to employees	(664,270)
Internal activity - disbursements to other funds	20,501
Claims paid	(304,267)
Net cash used by operating activities	(827,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds	261,180
Transfers out to other funds	(21,074)
Net cash provided by noncapital financing activities	240,106
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(3,022,480)
Interest	25,143
Net cash used by investing activities	(2,997,337)
Net decrease in cash and investments	(3,584,571)
Cash - beginning of the year	6,021,101
Cash - end of the year	\$ 2,436,530
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (604,019)
Change in assets and liabilities:	
Due from (to) other funds	93,284
Accounts payable	(7,390)
Claims payable	(315,330)
Payroll deductions and withholdings payable	6,115
Net cash used by operating activities	\$ (827,340)

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



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Fiduciary Fund Financial Statements



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Richardson Independent School District
Statement of Fiduciary Net Position
June 30, 2021

Exhibit E - 1

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 356,692
Deferred Expenditures	770
Total assets	<u>\$ 357,462</u>
LIABILITIES	
Accounts payable	\$ 11,119
Other Liabilities	10,928
Total liabilities	<u>\$ 22,047</u>
NET POSITION	
Restricted for student activities	\$ 335,415
Total net position	<u>\$ 335,415</u>

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

Richardson Independent School District
Statement of Changes in Net Position
Fiduciary Funds
For the year ended June 30, 2021

Exhibit E- 2

	Custodial Funds
Contributions	
Tuition and other fees	\$ 850
Gifts and contributions	54,142
Revenues from student activities	83,883
Revenues from fundraising activities	26,504
Total contributions	165,379
Deductions	
Contractual services	26,719
Payments for student activities	194,554
Total deductions	221,273
Change in net position	(55,894)
Total net position—beginning	-
Prior period adjustment	391,309
Total net position—ending	\$ 335,415

Notes to the Financial Statements



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RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Richardson Independent School District (the “District”) Board of Trustees (the “Board”), a seven-member group all of whom are elected officials, has governance responsibilities and control over all activities related to public elementary and secondary education in the City of Richardson and portions of the cities of Dallas and Garland. The Board is not included in any other governmental “reporting entity” as defined in Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards issued by the Government Accounting Standards Board (GASB). The District implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and it was determined that there are no component units that would have a material effect on the District’s financial statements.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding entities. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units.

Government-Wide and Fund Financial Statements - The *Statement of Net Position* and the *Statement of Activities* report information on all of the nonfiduciary activities of the District. Taxes and intergovernmental revenues normally support governmental activities. The effect of interfund activity has been removed from these statements as internal services provided and used are eliminated in the process of consolidation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include (1) charges for services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues included in the *Statement of Activities* reduce the cost of the function to be financed from general activities. Taxes and other items not identifiable as program revenues are reported instead as general revenues.

The District reports all direct expenses by function in the *Statement of Activities*. Direct expenses are those clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the program expenses of each function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-wide Financial Statements and Proprietary Funds - The government-wide financial statements and proprietary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recognized in the current fiscal year for debt service principal and interest payments due within 30 days of the subsequent fiscal year. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes and interest associated with the current fiscal year are susceptible to accrual and are considered to be available if collected within 60 days of the fiscal year end.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

Under GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, property taxes are imposed non-exchange revenues. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable, legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. Therefore, the District recognized taxes receivable and a deferred inflow of resources for taxes assessed as of October 1, 2020, which were not available as of June 30, 2021.

Investment earnings are recorded as earned since they are both measurable and available at the earnings date. All other revenue items, with the exception of grants, are considered measurable and available only when the District receives cash.

Grant Fund Accounting – The special revenue funds, except for the Child Nutrition Fund, include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. When grant funds are received in advance of being earned, they are recorded as unearned revenue until earnings criteria are met.

FUNDS

The District reports its financial activities through the use of “fund accounting”. The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purposes to assist management in demonstrating compliance with finance-related legal and contractual provisions. As required by the Texas Education Agency, the following funds are included in the financial statements.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District’s expendable financial resources and the related liabilities are accounted for through the governmental funds. The following are the District’s major governmental funds:

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. 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. General operating expenses that are not paid through other funds are paid from the General Fund.

Child Nutrition Fund – The Child Nutrition Fund is a special revenue fund used to account for the proceeds received from and costs associated with food service operations. Funds are legally restricted for use within the Child Nutrition Program.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of major capital projects.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

Other Governmental Funds are used to account for funds received from other governmental agencies or local sources that are legally restricted or locally committed to expenditures for specified purposes. These funds also account for receipts and expenditures of resources transferred from the General Fund to finance specified activities. Activities included within these non-major special revenue funds are as follows:

Federal Grants – Used to account for grants whose primary sources are funds from the federal government, either received directly from the funding agency or passed through the State.

State Grants – Used to account for grants whose primary sources are funds from the Texas Education Agency and other State agencies.

Local Funds – Used to account for all other grants and the District’s local Permanent School Fund, a sub-fund of the Local Funds. The primary funding sources are local governments and other non-government entities. The local Permanent School Fund’s primary sources are transfers from the General Fund, the closing of other funds, and awards earned by the District.

Proprietary Funds

Proprietary funds are funds used to account for operations that are financed in a manner similar to those found in the private sector, where the determination of net income is appropriate for sound financial administration.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s internal service funds are charges to other funds for services. Operating expenses for internal service funds include the cost of providing the service as well as administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds – Internal service funds are used to account for operations related to risk financing activities and for financing goods or services of one organizational unit of the District for another. The District has internal service funds for Workers’ Compensation, Print Shop, Discretionary Renovations, and Building Supplies.

Fiduciary Funds

All fiduciary funds, including custodial funds, use the accrual, rather than the modified accrual, basis of accounting.

Custodial Fund – A custodial fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations, and/or other funds. The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. Receivables may exist in this account when cash transactions flow through a shared bank account that creates a “due from other funds” for in-transit items. This accounting reflects the District’s agency relationship with the student activity organizations.

ASSETS, LIABILITIES AND DEFERRED INFLOWS/OUTFLOWS

Cash and Cash Equivalents – The District’s cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Investments are recorded at fair value. Fair value is determined by the amount at which a financial instrument can be exchanged in a current transaction between willing parties. District management believes that the District adheres to the requirements of the State of Texas Public Funds Investment Act regarding investment practice, management reports and establishment of appropriate policies. Additionally, management believes that the investment practices of the District are in accordance with local policies for the current fiscal year.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

Receivables and Payables – Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” All residual balances between governmental activities are eliminated in the government-wide statements. All property taxes receivable and the allowance for uncollectible taxes are reported in the government-wide statements.

Inventories – Inventories include plant maintenance and operating supplies, instructional supplies, and food commodities. Inventories of supplies are carried on the balance sheet at weighted average cost and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, the market values are supplied by the Texas Department of Agriculture and are recorded as inventory on the date received.

Revenues related to the receipt of food commodities are recorded when title passes to the District, which is when the commodity is used. The balance of commodities inventory received but not consumed is recorded as unearned revenue in the Child Nutrition Fund. All inventories are offset at year-end by nonspendable fund balance in the fund financial statements.

Encumbrances – Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. None of the individual encumbrances reported are considered significant to the financial statements.

Compensated Absences - Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. The District’s policy permits full-time classified employees in positions that require 12 months of service to be eligible to accumulate a limited amount of earned but unused salary-related vacation time which will be paid upon termination from District service, subject to specific deductions. The District accrues salary-related payments earned for vacation days in the government-wide financial statements. Accumulated sick leave is not paid out upon termination; accordingly, no liability for unused sick leave has been recorded.

Capital Assets – Capital assets, which include land, land improvements, buildings, building improvements and equipment, are reported in the governmental activities column in the government-wide financial statements. Land, land improvements, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of \$5,000. Donated capital assets are recorded at acquisition value.

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

Buildings and building improvements that extend the useful life of the District’s buildings are depreciated using the straight-line method beginning in the month after they are placed in service over the following average estimated useful lives:

<u>Asset Classification</u>	<u>Useful Life</u>
Land Improvements	10 - 20 years
Buildings and Building Improvements	15 - 30 years
Furniture and Other Equipment	5 - 20 years

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the *Statement of Net Position*. Effective for bonds issued after

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

September 1, 2002, bond premiums and discounts are reported as a liability or contra-liability, as appropriate, and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources while discounts on debt issuances and payments to bond refunding escrow agents are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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

Deferred Outflows/Inflows of Resources – In addition to assets and liabilities, the government-wide *Statement of Net Position* and governmental fund *Balance Sheet* report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred losses on debt refunding, which are reported as deferred outflows of resources, the District reports certain deferred inflows and outflows related to pensions and other post-employment benefits on the government-wide *Statement of Net Position*. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

Deferred Outflows of Resources for Pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences, and 3) changes in the District’s proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred Outflows of Resources for Post-employment Benefits – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments and 2) changes in the District’s proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Deferred Inflows of Resources for Pension – reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District’s proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Deferred Inflows of Resources for Post-employment Benefits – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Data Control Codes - Data control codes refer to the account code structure prescribed by the Texas Education Agency, *Financial Accountability System Resource Guide*.

FUND BALANCES AND NET POSITION

Government-wide Financial Statements – Net position on the *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds, which are directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grants is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Restricted for Child Nutrition is the component of net position restricted by the Department of Agriculture for use in the Child Nutrition Program.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not reported in the net investment in capital assets or net position restricted for specific purposes.

It is the District’s policy to spend funds available from restricted sources prior to unrestricted sources.

Governmental Fund Financial Statements – Fund balances on the *Balance Sheet* include the following:

Nonspendable Fund Balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or it is legally or contractually required to be maintained intact. The District has classified inventory as being nonspendable as these items are not expected to be converted to cash.

Restricted Fund Balance includes amounts restricted for a specific purpose by the provider (such as a grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District’s bonded debt and are restricted through debt covenants. Capital Projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Child Nutrition and other Federal and State grant resources are restricted pursuant to the mandates of the granting agency.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

Committed Fund Balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds. The Board of Trustees has committed resources as of June 30, 2021, for local grants and awards to be spent for campus activities. Additionally, fund balance associated with the District's local Permanent School Fund has been committed to remain intact, with interest earnings used as an additional revenue source for the General Fund.

Assigned Fund Balance is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. Board policy CA (Local) delegates authority to assign fund balance to the Superintendent or Chief Financial Officer; although the Board may also directly assign fund balance for specific purposes. As of June 30, 2021, the District has assigned fund balance in the General Fund for the following purposes:

- Construction – assigned to renovation projects.
- Claims and judgments – assigned to cover potential claims and judgements.
- Insurance Deductibles – assigned to the coverage of the deductibles of certain insurance policies.
- Instructional Projects – assigned to cover instructional programs selected by the board and administration.
- Other Assignments:
 - Compensated absences – assigned to salary related payments for accrued and unused vacation days for qualifying employees.
 - Equipment acquisition, repair and replacement – assigned to accommodate unforeseeable catastrophic events.
 - 2021-2022 Budget – assigned to offset the deficit budget adopted for the 2021-2022 fiscal year.

Unassigned Fund Balance is the difference between the total fund balance and the total of the non-spendable, restricted, committed, and assigned fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

The following table classifies the fund balances for all major governmental funds and non-major governmental funds by purpose. Committed fund balances are divided between federal, state and local sources, including the District's Permanent School Fund (a sub-fund of the non-major Local Funds), based on the granting authority or local guidelines.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
FY 2021-2022 Budget Deficit	\$ -	\$ -	\$ -	\$ 6,916,080	\$ -
Capital Acquisitions and Construction	-	27,762,784	-	41,012,814	-
Child Nutrition Program	-	1,265,212	-	-	-
Claims and Judgments	-	-	-	2,000,000	-
Inventories	1,576,537	-	-	-	-
Insurance Deductible	-	-	-	8,000,000	-
Instructional Projects	-	-	-	6,000,000	-
Other Purposes:					
Compensated Absences	-	-	-	1,004,617	-
Equipment Acquisition, Repair and Replacement	-	-	-	22,732,091	-
Retirement of Long-Term Debt	-	28,038,265	-	-	-
State Grants	-	751,842	-	-	-
Local Grants					
Local Grants and Awards	-	-	3,474,575	-	-
Local Permanent School Fund	-	-	20,300,488	-	-
All Other Purposes	-	-	-	-	94,384,434
Total Fund Balance	\$ 1,576,537	\$ 57,818,103	\$ 23,775,063	\$ 87,665,602	\$ 94,384,434

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

GASB No. 84 was implemented by the District in the current the fiscal year. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The Statement establishes criteria for identifying fiduciary activities with a focus generally on (1) whether a District controls the assets of the fiduciary activities and (2) the beneficiaries with whom a fiduciary relationship exists.

MANAGEMENT'S USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The District's funds are required to be deposited under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation insurance.

At June 30, 2021, the carrying amount of the District's deposits (cash) and outstanding checks was (\$1,047,843) which included \$15,196 in imprest accounts. The combined bank balance was \$873,968 at the District's depository bank, which was covered by federal depository insurance or by collateral held by the District's agent in the District's name. During the period, the District's deposits were fully secured with FDIC coverage and pledged collateral.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

Depository information required to be reported to the Texas Education Agency is as follows:

- A. Depository: Frost Bank - Dallas
- B. The date of the highest deposit was January 27, 2021, when combined cash, savings and time deposits amounted to \$22,681,657.
- C. The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was \$34,822,889.
- D. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

All investment pools utilized by the District meet the requirements of the Texas Public Funds Investment Act. The fair value of the positions in the pools is the same as the value of the pools. There are no limitations or restrictions on withdrawals (i.e. notice periods or maximum transaction amounts). The District invests the following investment pools:

TexPool is a public funds investment pool administered by the State Comptroller of Texas. The portfolio of *TexPool* is managed by Federated Investors, Inc., and the assets are held in a separate custodial account at the State Street Bank in the name of *TexPool*.

The Lone Star Investment Pool is governed by an 11 member board, all of whom are participants in the pool. American Beacon Advisors and BNY Mellon Cash Investment Strategies manage the investment of *Lone Star's* assets.

TexSTAR is co-administered by J.P. Morgan Asset Management, Inc. and Hilltop Securities, Inc.

The District complies with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Investment risks are addressed in the Public Funds Investment Act (PFIA), a legal document reviewed regularly by the District's authorized investment officers. Methodologies to mitigate and control these risks are included as part of the District's local investment policy.

- *Credit risk* is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor's (S&P) or Moody's Investors Service. The District's policy manages credit risk by authorizing only the safest types of investments backed by the federal or state government or their obligations and/or with ratings from nationally recognized rating firms of at least A or its equivalent.
- *Custodial credit risk* is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the District. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The District's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the District to be held in a Safekeeping account in the District's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

- *Concentration of credit risk* is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District’s portfolio. Investments held by the District as of June 30, 2021, are listed in the table on the following page.
- *Interest rate risk* is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates and is disclosed by listing all securities held as of June 30, 2021, with their date of maturity and weighted average maturities. The District’s policy manages interest rate risk by placing limits on the maximum maturities of each type of investment as well as using a laddered and liability-matching portfolio structure.
- *Foreign currency risk* is the potential for loss due to fluctuations in exchange rates. The District’s policy does not allow for any direct foreign investments and therefore the District is not exposed to foreign currency risk.

The following table reflects the District’s investments at June 30, 2021:

CUSIP/Account	Description	Buy Date	Maturity Date	Par Value	Fair Value	Rating	% Portfolio	WAM (in days)
CD								
0098	CD	04/07/21	10/07/21	\$ 4,029,974	\$ 4,029,974	A1	1.31%	1
0099	CD	04/07/21	10/07/21	3,022,480	3,022,480	A1	0.98%	1
CD Total				<u>7,052,454</u>	<u>7,052,454</u>		<u>2.29%</u>	<u>2</u>
Money Market								
Prosperity Bank	MMDA	-	N/A	14,703,648	14,703,648	A1	4.78%	1
Money Market Total				<u>14,703,648</u>	<u>14,703,648</u>		<u>4.78%</u>	<u>1</u>
State Pool								
Lone Star IP	State Pool	-	N/A	56,344,188	56,344,188	AAAm	18.31%	9
TexPool	State Pool	-	N/A	218,493,459	218,493,459	AAAm	71.01%	21
TexSTAR	State Pool	-	N/A	11,089,101	11,089,101	AAAm	3.60%	1
State Pool Total				<u>285,926,748</u>	<u>285,926,748</u>		<u>92.93%</u>	<u>31</u>
Grand Total				<u>\$ 307,682,850</u>	<u>\$ 307,682,850</u>		<u>100.00%</u>	<u>34</u>

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. The District estimates the fair value of the investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District’s assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

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At June 30, 2021, the District had the following recurring fair value measurements:

<u>Investments by Fair Value Level:</u>	<u>Fair Value Measurements Using</u>			
	<u>Balance on 6/30/2021</u>	<u>Quoted Process in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money Market Funds	\$ 14,703,648	\$ 14,703,648	\$ -	\$ -
Certificates of Deposit	7,052,454	-	7,052,454	-
Total:	\$ 21,756,102	\$ 14,703,648	\$ 7,052,454	\$ -

The District’s investments in State Investment Pools (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

3. PROPERTY TAXES

The District’s ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1st of each year. Tax statements are mailed on October 1st each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1st of the following calendar year. The assessed value of the roll as of the end of the fiscal year was \$25,764,976,747.

The tax rates levied for the fiscal year ended June 30, 2021, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0547 and \$0.35 per \$100 valuation, respectively, for a total of \$1.4047 per \$100 valuation.

Current year tax collections for the period ended June 30, 2021, were 99.0% of the levy.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for general obligation bond retirement is provided by the debt service tax together with interest earned within the Debt Service Fund.

TAX INCREMENT FINANCING

On September 11, 2006, the Board of Trustees approved a resolution to enter into an Interlocal Agreement with the City of Dallas, Texas and established Tax Increment Financing (TIF) Reinvestment Zone Number Fourteen, Skillman Corridor TIF District, in accordance with the Tax Increment Financing Act, as amended, under Chapter 311 of the Texas Tax Code. The purpose of the TIF is to promote development and redevelopment of the Skillman Corridor area through the use of tax increment financing.

RISD agreed to participate in the TIF, beginning with the tax year 2008-2009, by contributing a portion of debt service levy associated with any taxable value increase in the TIF zone as established in the 2005 base year up to a total contribution of \$10,000,000 (net present value) and total dollar contribution of \$16,577,358. The proposed duration of the Skillman Corridor TIF Zone is 30 years, ending December 31, 2035.

RISD may reduce or withdraw its contribution of tax increment if it determines that participation in the TIF decreases the aggregate amount of state and local funds available to or received by RISD in any school year. Tax increment funds of \$5,000,000 have been budgeted for RISD educational facilities. Other provisions have been made for relocation assistance programs for families with children in RISD schools affected by the zone.

Taxes collected and paid to the TIF in 2021 were \$1,817,765.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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4. RECEIVABLES

Receivables due from other governments as of June 30, 2021, for the District’s individual major funds and Non-major Governmental Funds are as follows:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Due from the State of Texas	\$ 11,494,575	\$ -	\$ 862,040	\$ 17,804	\$ 12,374,419
Due from the Federal Government	7,628,611	111,615	9,294,146	-	17,034,372
Due from Other Local Governments	-	-	880,020	-	880,020
	<u>\$ 19,123,186</u>	<u>\$ 111,615</u>	<u>\$ 11,036,206</u>	<u>\$ 17,804</u>	<u>\$ 30,288,811</u>

5. CAPITAL ASSETS

The District decreased the salvage value of certain capital asset classes from 10% to 0% that resulted in an increase in the accumulated depreciation for fiscal year ended June 30, 2021. A summary of changes in capital assets for the fiscal year ended June 30, 2021, follows:

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Furniture and Other Equipment</u>	<u>Construction in Progress*</u>	<u>Total</u>
COST					
Balance, June 30, 2020	\$ 52,077,997	\$ 1,056,896,349	\$ 139,175,355	\$ 37,045,757	\$ 1,285,195,458
Additions	-	20,231,320	3,688,613	10,010,454	33,930,387
Deletions	-	-	(487,449)	-	(487,449)
Transfers	12,596,303	22,482,983	-	(35,079,286)	-
Balance, June 30, 2021	<u>64,674,300</u>	<u>1,099,610,652</u>	<u>142,376,519</u>	<u>11,976,925</u>	<u>1,318,638,396</u>
ACCUMULATED DEPRECIATION					
Balance, June 30, 2020	-	420,414,437	99,323,130	-	519,737,567
Additions	7,427,940	66,085,843	20,819,432	-	94,333,215
Deletions	-	-	(380,884)	-	(380,884)
Balance, June 30, 2021	<u>7,427,940</u>	<u>486,500,280</u>	<u>119,761,678</u>	<u>-</u>	<u>613,689,898</u>
NET CAPITAL ASSETS, June 30, 2021	<u>\$ 57,246,360</u>	<u>\$ 613,110,372</u>	<u>\$ 22,614,841</u>	<u>\$ 11,976,925</u>	<u>\$ 704,948,498</u>

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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The current period's depreciation was expensed to the following functions as of June 30, 2021:

<u>Function</u>	<u>Expensed</u>
11 Instruction	\$ 78,308,428
12 Instructional Resources and Media	173,279
13 Curriculum and Staff Development	1,005
21 Instructional Leadership	2,783
23 School Leadership	47,427
33 Health Services	12,992
34 Student Transportation	582,155
35 Food Services	522,182
36 Extracurricular Activities	3,377,328
41 General Administration	5,192,269
51 Maintenance and Operations	6,098,169
52 Security and Monitoring Services	8,308
53 Data Processing Services	4,664
61 Community Services	2,226
	<u>\$ 94,333,215</u>

6. LIABILITY FOR COMPENSATED ABSENCES

Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. The District's policy permits full-time classified employees in positions that require 12 months of service to be eligible to accumulate a limited amount of earned but unused salary-related vacation time which will be paid upon termination from District service, subject to specific deductions. The District accrues salary-related payments earned for vacation days in the government-wide financial statements. The amount for accumulated compensated absences as of June 30, 2021 is \$1,004,617. The amount eligible to be taken within the following year is \$296,857. Accumulated sick leave is not paid out upon termination; accordingly, no liability for unused sick leave has been recorded.

7. LONG-TERM DEBT

The District issued \$36,675,000 (par value) of Taxable Series 2020A Unlimited Tax Refunding Bonds, with interest rates ranging from 1.769 to 3.00% for the purpose of refunding portions of the outstanding Series 2013 Unlimited Tax School Building and Refunding Bonds (\$32,160,000), and Series 2014A Unlimited Tax Building Bonds (\$6,245,000). The District contributed \$3,000,000 towards the refunding. Proceeds were delivered on November 6, 2020. The bonds were issued with a premium of \$2,862,212. The refunded bonds are considered defeased and are no longer included in the debt schedules of the district. The transaction resulted in a present value savings of \$6,034,367 (difference between the present value of debt payments on the old and new debt) and a deferred loss of \$384,533.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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AS OF JUNE 30, 2021

A summary of changes in long-term debt for the fiscal year ended June 30, 2021, is as follows:

Description	Sale Date	Original Issue Amount	Interest Rate(s)	Final Maturity	Balance at June 30, 2020	Issued/Increases	Retired/Refunded	Balance at June 30, 2021	Amounts Due Within One Year
<i>Unlimited Tax School Building Bonds:</i>									
Series 2013	2013	36,080,000	2.00% - 5.00%	2038	\$ 17,615,000	\$ -	\$ 14,503,555	\$ 3,111,445	\$ 1,475,997
Series 2014A	2014	17,140,000	2.00% - 5.00%	2039	6,960,000	-	6,245,000	715,000	665,000
Series 2015	2015	16,340,000	1.00% - 5.00%	2040	7,355,000	-	340,000	7,015,000	445,000
Series 2016	2016	76,625,000	2.00% - 5.00%	2041	48,605,000	-	1,740,000	46,865,000	100,000
Series 2017	2017	198,735,000	3.00% - 5.00%	2042	166,210,000	-	7,800,000	158,410,000	2,000,000
Series 2019	2019	116,960,000	4.00% - 5.00%	2044	99,065,000	-	24,400,000	74,665,000	1,120,000
Total general obligation bonds					<u>345,810,000</u>	<u>-</u>	<u>55,028,555</u>	<u>290,781,445</u>	<u>5,805,997</u>
<i>Unlimited Tax Refunding Bond:</i>									
Series 2011 Ref	2011	42,335,000	2.00% - 4.375%	2028	1,385,000	-	390,000	995,000	295,000
Series 2012 Ref	2012	17,300,000	2.00% - 5.00%	2022	6,550,000	-	5,920,000	630,000	630,000
Series 2012	2012	41,390,000	2.00% - 5.00%	2037	1,280,000	-	-	1,280,000	1,280,000
Series 2013	2013	35,675,000	2.00% - 5.00%	2038	23,260,000	-	19,151,445	4,108,555	1,949,003
Series 2014B Ref	2014	19,230,000	1.00% - 5.00%	2031	15,130,000	-	915,000	14,215,000	1,125,000
Series 2015A Ref	2015	18,205,000	1.00% - 5.00%	2021	315,000	-	315,000	-	-
Series 2015B Ref	2015	25,225,000	2.00% - 5.00%	2032	22,525,000	-	165,000	22,360,000	1,535,000
Series 2015C Ref	2015	38,660,000	2.00% - 5.00%	2025	29,375,000	-	8,445,000	20,930,000	6,955,000
Series 2016 Ref	2016	11,905,000	2.00% - 4.00%	2033	9,550,000	-	770,000	8,780,000	715,000
Series 2017 Ref	2017	85,105,000	2.00% - 5.00%	2037	81,305,000	-	1,315,000	79,990,000	2,450,000
Series 2020 Ref	2020	33,799,970	2.47% - 4.00%	2039	33,475,829	-	829	33,475,000	155,000
Series 2020A Ref	2020	36,675,000	1.769% - 3.00%	2034	-	36,675,000	740,000	35,935,000	10,650,000
Total unlimited tax refunding bonds					<u>224,150,829</u>	<u>36,675,000</u>	<u>38,127,274</u>	<u>222,698,555</u>	<u>27,739,003</u>
Total bonds payable					<u>569,960,829</u>	<u>36,675,000</u>	<u>93,155,829</u>	<u>513,480,000</u>	<u>33,545,000</u>
Accreted interest on Capital									
Appreciation Bonds					3,444,042	-	3,444,042	-	-
Unamortized Bond Premium					67,392,780	2,862,212	11,440,161	58,814,831	-
Accrued compensated absences					998,259	202,920	196,562	1,004,617	296,857
Capital lease payable					359,632	-	354,840	4,792	4,792
Self-insurance claims payable					1,598,477	587,013	902,343	1,283,147	504,398
Total					<u>\$ 643,754,019</u>	<u>\$40,327,145</u>	<u>\$109,493,777</u>	<u>\$574,587,387</u>	<u>\$34,351,047</u>

Changes in debt-related deferred outflows of resources for the fiscal year ended June 30, 2021 were:

	Balance at June 30, 2020	Increases/Decreases	Retired/Refunded	Balance at June 30, 2021
Deferred loss on refundings	\$ 4,898,341	\$ (106,736)	\$ 777,561	\$ 4,014,044

The following is a summary of bond principal maturities and interest requirements.

Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Principal & Interest
2022	\$ 33,545,000	\$ 22,525,322	\$ 56,070,322
2023	20,785,000	21,200,297	41,985,297
2024	22,760,000	20,273,334	43,033,334
2025	23,860,000	19,284,684	43,144,684
2026	23,620,000	18,204,534	41,824,534
2027-2031	126,165,000	73,549,609	199,714,609
2032-2036	116,495,000	47,192,346	163,687,346
2037-2041	114,360,000	21,621,629	135,981,629
2042-2044	31,890,000	2,266,550	34,156,550
Total	<u>\$513,480,000</u>	<u>\$246,118,305</u>	<u>\$ 759,598,305</u>

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General obligation bonds of the District are reported as long-term liabilities of the governmental activities. At June 30, 2021, \$28,038,265 was available in the Debt Service Fund to service these bonds.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management asserts that the District is in compliance with all significant limitations and restrictions at June 30, 2021.

The accrued compensated absences and the self-insurance claims payable are reported as long-term liabilities of the governmental activities and are accounted for in the General Fund and Workers' Compensation Internal Service Fund, respectively.

The District has entered into capital lease agreements to purchase copiers in 2017 (\$1,744,239) and 2018 (\$24,000). The vendor financed the purchases over a period of five years at an interest rate of 1.73%. Payments on the agreements are accounted for as expenditures in the General Fund and Capital Projects Fund, with principal outstanding at June 30, 2021 of \$4,792.

The following schedule lists assets leased:

<u>Description</u>	<u>Original Property Value</u>
Copiers	\$ 1,768,239
Accumulated Depreciation	(1,763,439)
	<u>\$ 4,800</u>

The following schedule shows future capital lease payments:

<u>Years Ending June 30,</u>	<u>Annual Lease Payments</u>
2022	\$ 4,800
Total Lease Payments	4,800
Imputed Interest Amount	(8)
Present Value Outstanding	<u>\$ 4,792</u>

The District evaluates the market on an ongoing basis for net present value savings opportunities. Advance refunding allows the District to issue new debt at a lower interest rate than the outstanding debt refunded. The proceeds from the issuance of the new debt is placed in escrow to pay off the older outstanding debt. This transaction renders the older debt paid, thereby removing this liability from the District. On June 30, 2021, \$56,490,000 of defeased bonds remained outstanding.

On May 1, 2021, a \$750 million bond package was approved by the citizens of the District. This bond package consisted of two propositions. Proposition A (\$694 million) will be expended on capital construction, infrastructure, repairs, safety and security, and equipment. Proposition B (\$56 million) will be expended on student and staff technology. As of June 30, 2021, \$750 million in debt was authorized but not issued.

The District is not subject to a debt limit. Texas Education Code Chapter 45, Subchapter A governs the issuance of bonds by the independent school districts in the State of Texas. Key points regarding limitations on the issuance of bonds are:

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- The bonds must mature serially or otherwise not more than 40 years from their date; and
- Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general that with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

8. UNEARNED REVENUE

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
State aid	\$ 13,405,494	\$ -	\$ 37,109	\$ -	\$ 13,442,603
Food service receipts	-	16,901	-	-	16,901
Local grants	-	-	-	232,892	232,892
State grants	-	-	-	4,931	4,931
Total	\$ 13,405,494	\$ 16,901	\$ 37,109	\$ 237,823	\$ 13,697,327

9. INTERFUND BALANCES AND TRANSFERS

Interfund Balances - Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$15,794,679	\$ (1,604,556)
Child Nutrition Fund	99,602	(1,061,968)
Debt Service Fund	434,118	-
Capital Projects Fund	525,506	(8,103,015)
Nonmajor Funds:		
Federal Funds	-	(6,254,198)
State Funds	-	(274,861)
Local Funds	545,490	-
Internal Service Funds	-	(100,637)
Custodial Funds	-	(160)
Total	\$17,399,395	\$ (17,399,395)

All interfund balances represent transactions between the General Fund and other funds. These interfund balances occur when (1) General Fund cash is used to finance expenditures that take place in another fund or (2) cash is received in the General Fund's bank account that belongs to another fund as revenue. Balances between funds are liquidated at least monthly with the exception of the grant funds in which balances are liquidated once cash is received from the granting agencies. All interfund balances reported at June 30, 2021, were liquidated shortly after year-end.

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The following is a summary of the District’s internal transfers for the fiscal year ended June 30, 2021:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,000,000
General Fund	Internal Service Fund	240,106
Nonmajor Governmental Funds	General fund	<u>26,947</u>
		<u>\$ 1,267,053</u>

The transfer from the General Fund to Non-Major Governmental Funds in the amount of \$1,000,000 was to finance the Instructional Enhancement Fund, a sub-fund of the Non-Major Local Funds. The \$240,106 transfer from the General Fund to the Internal Service Fund was to fund excess expenses for the Print Shop. The \$26,947 transfer from the Non-Major Governmental Funds to the General Fund was to close out department activity fund accounts.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover general liabilities. 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.

Employees of the District were covered by TRS Active Care for medical care. TRS Active Care is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed approximately \$315 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents.

Self-Funded Plan

Beginning September 1, 1986, the District established a self-insurance plan for workers’ compensation benefits. Claims exceeding \$500,000 for any one accident or occurrence are covered through an insurance carrier. The District utilizes an internal service fund to account for activity related to workers’ compensation self-insurance on a cost-reimbursement basis to all departments of the District.

The costs associated with the self-funded workers’ compensation plan are reported as interfund transactions to the extent of amounts actuarially determined. Contributions are paid from all governmental and proprietary funds to the workers’ compensation insurance fund from which all claims and administrative expenses are paid. The accrued liabilities of the workers’ compensation self-insurance plan of \$1,283,147 include incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. An actuary evaluated the District’s workers’ compensation liability for incurred losses. These losses will be settled by fixed or reasonably determinable payments over a long period of time.

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Changes in the workers' compensation claims liability in fiscal year 2020 and fiscal year 2021 were:

	<u>Period Liability</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Period</u>
2020 Workers' Compensation	\$ 1,392,545	\$ 1,477,954	\$ 1,272,022	\$ 1,598,477
2021 Workers' Compensation	\$ 1,598,477	\$ (12,681)	\$ 302,649	\$ 1,283,147

11. PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

Contributions

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

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

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

	Fiscal Year		
	Measurement Year (2020)	(2021)	
	Contributions		
	Required and Made	Pension Expense	TRS Contributions
Member (Employee)	\$22,577,198		\$ 22,978,820
Non-employer contributing agency (State)	15,304,844	23,894,998	15,878,219
District	10,049,580	21,089,736	10,193,095

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

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

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to:

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

Actuarial Assumptions

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

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

Additional Actuarial Methods and Assumptions:

Component	Result
Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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

Discount Rate

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

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

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

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

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Asset Class	FY 2020 Target Allocation ¹ %	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	-0.70%	-0.05%
Absolute Return (Including Credit Sensitive Investments)		1.80%	
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Commodities		0.80%	
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2.00%	-1.50%	-0.03%
Asset Allocation Leverage	-6.00%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.0%		7.33%

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

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

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

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 6.25%	Current Single Discount Rate 7.25%	1% Increase 8.25%
District's proportional share of the net pension liability	\$201,156,885	\$130,453,450	\$73,008,458

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

At June 30, 2021, the District reported a liability of \$130,453,450 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

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District's proportionate share of the collective net pension liability	\$ 130,453,450
State's proportionate share that is associated with the District	<u>198,665,078</u>
Total	<u>\$ 329,118,528</u>

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

At August 31, 2020, the District's proportion of the collective net pension liability was 0.2436% which was a decrease of 0.0128% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2021, the District recognized pension expense of \$21,089,736. The District also recognized an additional on-behalf revenue and expense of \$23,894,998 representing for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 238,198	\$ (3,640,610)
Changes of assumption	30,269,842	(12,870,526)
Net difference between projected and actual earnings on pension plan investments	2,640,918	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,391,034	(4,729,674)
District contributions subsequent to the measurement date	<u>8,638,056</u>	<u>-</u>
Total	<u>\$ 49,178,048</u>	<u>\$ (21,240,810)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$8,638,056 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

RICHARDSON INDEPENDENT SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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<u>Fiscal Year</u>	<u>Pension Expense Amount</u>
2022	\$ 5,715,443
2023	7,079,464
2024	6,777,609
2025	2,034,104
2026	(2,014,099)
Thereafter	(293,339)
	<u>\$ 19,299,182</u>

12. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

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

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

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TRS-Care Monthly Premium Rates

Retiree Type	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and Family	1,020	999

Contributions

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

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

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

	Measurement Year (2020)		Fiscal Year (2021)
	Contributions Required and Made	Negative OPEB Expense	TRS Contributions
	Member (Employee)	\$ 1,905,867	\$ -
Non-employer contributing agency (State)	3,305,133	(1,147,828)	4,838,147
District	2,459,746	22,279	2,466,588

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

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

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Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

Component	Result
Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65, 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate

A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (1.33%)	Current Rate (2.33%)	1% Increase (3.33%)
District's proportional share of the net OPEB liability	\$147,621,462	\$123,018,119	\$103,585,010

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

At June 30, 2021, the District reported a liability of \$123,018,119 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 123,018,119
State's proportionate share of the net OPEB liability associated with the District	165,306,864
Total	<u>\$ 288,324,983</u>

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

At August 31, 2020, the District’s proportion of the collective Net OPEB Liability was 0.3236% which was a decrease of 0.0019% from its proportion measured as of August 31, 2019.

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$100,490,042	\$123,018,119	\$153,022,334

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$22,279. The District also recognized negative on-behalf expense and revenue of \$1,147,828 for support provided by the State.

At June 30, 2021, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	\$ 6,441,180	\$ (56,299,382)
Changes of assumption	7,587,660	(33,781,411)
Net difference between projected and actual earnings on OPEB plan investments	39,976	-
Changes in proportion and differences between District contributions and proportionate share of contributions	12,065,476	(1,040,953)
Contributions paid to TRS subsequent to the measurement date	2,069,778	-
Total	<u>\$ 28,204,070</u>	<u>\$ (91,121,746)</u>

The \$2,069,778 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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<u>Fiscal Year</u>	<u>OPEB Expense Amount</u>
2022	\$ (10,916,918)
2023	(10,922,262)
2024	(10,925,319)
2025	(10,924,482)
2026	(7,638,618)
Thereafter	(13,659,855)
	<u>\$ (64,987,454)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2021, 2020, and 2019, the subsidy payments received by TRS-Care on-behalf of the District were \$1,336,118, \$1,382,015, and \$1,005,409, respectively. The information for the year ended June 30, 2021 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

13. COMMITMENTS AND CONTINGENCIES

Litigation

The District is occasionally the defendant in a small number of lawsuits and administrative claims arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits and claims will not materially affect the accompanying combined financial statements. A total of \$2,000,000 of fund balance has been assigned to cover deductibles of certain insurance policies for claims, and for uninsured judgements, and/or administrative orders.

State and Federal Programs

The District participates in numerous state and federal funding programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Construction

The District was obligated at June 30, 2021, under major contracts, for construction, renovations and repair of various existing facilities. The outstanding construction contracts associated with these projects totaled approximately \$23.6 million as of June 30, 2021.

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NOTES TO FINANCIAL STATEMENTS

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<u>Projects</u>	<u>Contract Remaining</u>
Building Renovations-Admin	\$ 1,515,327
Building Renovations-MOH	12,721,689
Building Renovations-PHS	2,307,386
Other Building Renovations	2,183,548
Flooring Renovations	2,947,269
Other Miscellaneous Projects	1,923,231
Total	<u>\$ 23,598,450</u>

14. RELATED ORGANIZATION

The RISD Excellence in Education Foundation, Inc. (the Foundation) was established to develop community relationships and to provide supplemental funds for programs in the District. Its missions is to “promote enrichment, innovation, and excellence in education.” The Foundation is a “related organization” of the District, as defined by GASB Statement No. 14, *The Financial Reporting Entity*. The Foundation is not reported as a component unit because it is not fiscally dependent on the District, and the funds held by the organization are not significant to the District’s financial statements, as defined by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

15. SHARED SERVICES ARRANGEMENT

Regional Day School Program for the Deaf

The District participates in the Plano Regional Day School Program for the Deaf, a shared services arrangement (SSA) which provides deaf education services to sixteen member districts. The member districts also include Allen, Anna, Blue Ridge, Celina, Community, Coppell, Farmersville, Frisco, Lovejoy, McKinney, Melissa, Plano, Princeton, Prosper, and Wylie ISDs.

The District made payments totaling \$469,547 to the Plano ISD (the fiscal agent) for services provided during the year. The District accounts for the payments to the fiscal agent in Function 93 – Payments to Fiscal Agent of Shared Service Arrangements. Payments are determined based on predetermined criteria established in the shared service arrangement agreement. The fiscal agent is responsible for all financial activities of the SSA.

Autism Grant Program

The District is the fiscal agent for the Autism Grant Program shared service agreement (SSA). In addition to the District, other member districts include Dennison, Frisco, Plano, Sherman and Wylie ISDs. The District, acting as the fiscal agent, receives monies from the granting agency and administers the program. The District is also responsible for employment of personnel, budgeting, accounting and reporting.

According to the SSA agreement, the fiscal agent upon receipt of proper documentation will reimburse costs incurred by the member districts. Member districts must not exceed the amounts authorized without prior written approval of the fiscal agent.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

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Expenditures reimbursed to the member districts as of June 30, 2021 are summarized below:

Denison ISD	\$	199,631
Frisco ISD		126,949
Plano ISD		89,757
Richardson ISD		474,085
Sherman ISD		51,460
Wylie ISD		71,089
	\$	<u>1,012,971</u>

16. PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning fund balance of the District’s governmental funds and the beginning net position of the District’s custodial funds have been restated as follows:

	Nonmajor Governmental Fund	Custodial Fund
Beginning fund balance/net position, as originally presented	\$ 23,933,297	\$ -
Reclassification of groups moved from an agency fund to a special revenue fund	33,353	391,309
Beginning fund balance/net position, as restated	<u>\$ 23,966,650</u>	<u>\$ 391,309</u>

17. SUBSEQUENT EVENTS

On July 14, 2021, the District issued \$176,215,000 of Unlimited Tax School Building Bonds, Series 2021, with interest rates ranging from 3.0% to 5.0%. Proceeds from the sale will be used for capital construction, repairs, safety and security, student and staff technology, and equipment.

On August 1, 2021, the District entered into a capital lease agreement over a period of 5 years to purchase copiers totaling \$2,474,336.

As of September 2, 2021, the Texas Education Agency (TEA) informed local education agencies (LEAs) that it has no plans to issue missed school day waivers due to COVID-19 during the 2021-2022 school year when the LEA or its campuses are closed. Each LEA will need to plan to make up time for school closures during the school year and may need to add additional instructional days and/or minutes to their calendar to meet the 75,600 operational minute requirement. LEAs have reported to the TEA that attendance rate declines continue to occur due to COVID-19. As a result, the TEA is exploring options to ensure school systems will not experience significant financial difficulties. Additionally, LEAs had varying daily rates of attendance during the 2020-2021 school year due to the impact of virtual learning options. Once the TEA receives this local information in a PEIMS upload this fall, it will be equipped to analyze, understand, and determine potential changes to the rules around waivers, particularly low attendance waivers. As of the date of this report, the District has not determined the impact.

On September 24, 2021, District board President Karen Clardy resigned from her position. Her seat in single-member district 5 will remain vacant until the scheduled election in May 2022.



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Required Supplementary Information



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**Richardson Independent School District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2021**

Exhibit G - 1

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 269,850,510	\$ 269,850,510	\$ 275,874,849	\$ 6,024,339
5800	State program revenues	101,854,447	101,854,447	102,799,909	945,462
5900	Federal program revenues	7,440,000	7,440,000	10,424,923	2,984,923
5020	Total revenues	<u>379,144,957</u>	<u>379,144,957</u>	<u>389,099,681</u>	<u>9,954,724</u>
EXPENDITURES					
Current:					
0011	Instruction	241,954,982	243,402,159	231,013,516	12,388,643
0012	Instructional resources and media services	6,365,669	6,561,099	5,345,697	1,215,402
0013	Curriculum and staff development	9,845,180	8,820,849	7,902,338	918,511
0021	Instructional leadership	7,149,366	6,890,180	6,501,811	388,369
0023	School leadership	26,520,121	26,955,402	25,505,424	1,449,978
0031	Guidance, counseling, and evaluation services	19,629,554	20,603,198	19,061,914	1,541,284
0032	Social work services	1,307,607	1,479,299	1,323,937	155,362
0033	Health services	5,747,118	5,858,964	5,353,729	505,235
0034	Student transportation	10,177,115	12,937,086	11,228,433	1,708,653
0035	Food service	-	708,639	588,693	119,946
0036	Extracurricular activities	5,999,413	6,155,415	5,758,655	396,760
0041	General administration	10,318,729	11,939,981	10,361,595	1,578,386
0051	Plant maintenance and operations	29,715,445	37,807,923	35,357,860	2,450,063
0052	Security and monitoring services	2,587,744	3,448,684	3,011,104	437,580
0053	Data processing services	5,683,608	6,105,485	5,222,659	882,826
0061	Community services	1,045,283	1,156,390	858,729	297,661
Debt service:					
0071	Principal on long-term debt	9,245	1,395	-	1,395
Capital Outlay:					
0081	Facilities acquisition and construction	-	16,228	11,428	4,800
Intergovernmental charges:					
0091	Contracted instructional services between schools	1,199,930	1,199,930	1,196,543	3,387
0093	Payments related to shared services arrangements	255,704	469,547	469,547	-
0095	Juvenile justice alternative education programs	50,000	3,000	3,000	-
0099	Other intergovernmental charges - appraisal cost	1,167,100	1,174,025	1,174,025	-
6030	Total expenditures	<u>386,728,913</u>	<u>403,694,878</u>	<u>377,250,637</u>	<u>26,444,241</u>
1100	Excess of revenues over expenditures	<u>(7,583,956)</u>	<u>(24,549,921)</u>	<u>11,849,044</u>	<u>36,398,965</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of real or personal property	-	150,000	123,859	(26,141)
7915	Transfers in	-	-	26,947	26,947
8911	Transfers out	(1,000,000)	(1,600,000)	(1,240,106)	359,894
7080	Total other financing sources and (uses)	<u>(1,000,000)</u>	<u>(1,450,000)</u>	<u>(1,089,300)</u>	<u>360,700</u>
1200	Net change in fund balances	<u>(8,583,956)</u>	<u>(25,999,921)</u>	<u>10,759,744</u>	<u>36,759,665</u>
0100	Fund balances--beginning	156,733,103	156,733,103	156,733,103	-
3000	Fund balances--ending	<u>\$ 148,149,147</u>	<u>\$ 130,733,182</u>	<u>\$ 167,492,847</u>	<u>\$ 36,759,665</u>

See the notes to the required supplementary information at the end of the Budgetary Comparison Reporting - Required Supplemental Information section.

**Richardson Independent School District
Budgetary Comparison Schedule
Child Nutrition Fund
For the year ended June 30, 2021**

Exhibit G - 2

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)	
	Original	Final			
	REVENUES				
5700	Local and intermediate sources	\$ 5,171,838	\$ 5,171,838	\$ 1,502,226	\$ (3,669,612)
5800	State program revenues	88,883	88,883	85,009	(3,874)
5900	Federal program revenues	12,778,845	12,778,845	8,070,722	(4,708,123)
5020	Total revenues	<u>18,039,566</u>	<u>18,039,566</u>	<u>9,657,957</u>	<u>(8,381,609)</u>
	EXPENDITURES				
	Current:				
0035	Food service	17,759,984	17,757,984	12,104,616	5,653,368
0051	Plant maintenance and operations	277,082	279,082	211,803	67,279
0061	Community services	2,500	2,500	-	2,500
6030	Total expenditures	<u>18,039,566</u>	<u>18,039,566</u>	<u>12,316,419</u>	<u>\$ 5,723,147</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,658,462)</u>	<u>(2,658,462)</u>
1200	Net change in fund balances	-	-	(2,658,462)	(2,658,462)
0100	Fund balances--beginning	<u>4,044,586</u>	<u>4,044,586</u>	<u>4,044,586</u>	<u>-</u>
3000	Fund balances--ending	<u><u>\$ 4,044,586</u></u>	<u><u>\$ 4,044,586</u></u>	<u><u>\$ 1,386,124</u></u>	<u><u>\$ (2,658,462)</u></u>

See the notes to the required supplementary information at the end of the Budgetary Comparison Reporting - Required Supplemental Information section.

RICHARDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

Budgetary Information

Annual budgets are adopted for the General Fund, Child Nutrition Special Revenue Fund and the Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. To comply with those principles, each annual budget is presented on the modified accrual basis. The Budgetary Comparison Schedule for the Debt Service Fund can be found on Exhibit H-3. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year.

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

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the subsequent fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.

Once a budget is approved, it can be amended at the fund and function level only. To do so requires the approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at its regular meetings. Such amendments are reflected in the official minutes of the Board. During the year, several amendments were necessary.

The Director of Budget controls each budget for revenues and expenditures at the fund, function, and object level. Management is able to transfer amounts within each function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE LAST SEVEN MEASUREMENT YEARS⁽¹⁾**

Exhibit G-3

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability ⁽²⁾	0.24360%	0.25638%	0.24998%	0.23729%	0.23325%	0.24403%	0.16510%
District's proportionate share of the net pension liability	\$ 130,453,450	\$ 133,275,141	\$ 137,594,491	\$ 75,873,354	\$ 88,142,186	\$ 86,261,251	\$ 44,101,616
State's proportionate share of the net pension liability associated with the District	198,665,078	186,147,028	196,078,414	117,388,473	141,697,938	135,250,133	116,529,937
Total	\$ 329,118,528	\$ 319,422,169	\$ 333,672,905	\$ 193,261,827	\$ 229,840,124	\$ 221,511,384	\$ 160,631,553
District's covered payroll ⁽³⁾	\$ 293,210,674	\$ 275,303,043	\$ 259,708,146	\$ 248,739,714	\$ 240,629,776	\$ 231,869,363	\$ 222,188,769
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	44.49%	48.41%	52.98%	30.50%	36.63%	37.20%	19.85%
Plan fiduciary net position as a percentage of the total pension liability *	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	110.36%	114.93%	126.11%	75.93%	92.75%	91.94%	72.89%

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

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

⁽¹⁾ Ten-year historical data is not available.

⁽²⁾ Net pension liability is presented prospectively in accordance with GASB 68.

⁽³⁾ Covered payroll includes all TRS-eligible payroll paid by the district during the plan year (September 1 - August 31).

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 10,193,095	\$ 9,952,433	\$ 8,867,892	\$ 8,317,201	\$ 7,711,085	\$ 7,392,322	\$ 6,705,335	\$ 4,072,931	\$ 3,413,055	\$ 3,298,167
Contributions in relation to the contractually required contribution	10,193,095	9,952,433	8,867,892	8,317,201	7,711,085	7,392,322	6,705,335	4,072,931	3,413,055	3,298,167
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll ⁽¹⁾	\$ 298,431,012	\$ 291,835,068	\$ 272,585,171	\$ 257,387,641	\$ 247,788,010	\$ 239,347,653	\$ 230,174,332	\$ 220,136,132	\$ 206,597,424	\$ 208,038,148
Contributions as a percentage of covered payroll	3.42%	3.41%	3.25%	3.23%	3.11%	3.09%	2.91%	1.85%	1.65%	1.59%

⁽¹⁾ Covered payroll includes all TRS-eligible payroll paid by the district during the fiscal year (July 1 - June 30).

Notes to Pension Required Supplementary Information

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

Effective September 1, 2020, the State increased the employer's contribution to 1.6%

Changes of Assumptions

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

Changes of Benefit Terms

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

RICHARDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS PLANS
JUNE 30, 2021

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The single discount as of August 31, 2018 was a single blended rate 6.907 percent and that has changed to the long-term rate of return of 7.25 percent 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 \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Changes in Benefit Terms

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

Other Information

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

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE LAST FOUR MEASUREMENT YEARS⁽¹⁾**

Exhibit G-5

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.32360%	0.32547%	0.31499%	0.29800%
District's proportionate share of the net OPEB liability	\$ 123,018,119	\$ 153,917,279	\$ 157,277,551	\$ 129,595,350
State's proportionate share of the net OPEB liability associated with the District	165,306,864	204,521,636	219,114,033	191,886,599
Total	\$ 288,324,983	\$ 358,438,915	\$ 376,391,584	\$ 321,481,949
District's covered payroll (for Measurement Year)	\$ 293,210,647	\$ 275,303,043	\$ 259,708,146	\$ 248,739,714
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	41.96%	55.90%	60.56%	52.10%
Plan's fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

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

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

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

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

Net OPEB liability and related ratios will be presented prospectively as data becomes available.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contributions	\$ 2,466,588	\$ 2,443,715	\$ 2,291,140	\$ 2,067,244	\$ 1,362,833	\$ 1,508,595	\$ 1,461,176	\$ 1,245,976	\$ 1,092,047	\$ 1,124,821
Contributions in relation to the contractual required contributions	2,466,588	2,443,715	2,291,140	2,067,244	1,362,833	1,508,595	1,461,176	1,245,976	1,092,047	1,124,821
Contribution Deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 298,431,012	\$ 291,835,068	\$ 272,585,171	\$ 257,387,641	\$ 247,788,010	\$ 239,347,653	\$ 230,174,332	\$ 202,678,708	\$ 188,119,626	\$ 186,627,986
Contributions as a percentage of covered payroll	0.83%	0.84%	0.84%	0.80%	0.55%	0.63%	0.63%	0.61%	0.58%	0.60%

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:

There was a significant plan change adopted in fiscal year ending August 31, 2017:

- Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan made changes to several of the assumptions, including participation rates, retirement rates, and spousal changes triggered participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.
- The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
- The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

RICHARDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB
JUNE 30, 2021

Changes of Assumptions

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The discount rate changed from 3.69 percent as of August 31, 2018 to 2.63 percent, as of August 31, 2019. This change increased the Total OPEB Liability (TOL).
- The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent 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 TOL.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased TOL.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

Changes in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Benefit revisions have been updated since the prior valuation.

- The only benefit changes for HealthSelect retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximums for both HealthSelect and Consumer Directed HealthSelect.



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Other Supplementary Information:

Nonmajor Governmental Funds



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Richardson Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Exhibit H - 1

Data Control Codes	Federal Grants	State Grants	Local Funds	Total Nonmajor Special Revenue Funds (See C-1)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
1110	\$ -	\$ 1,082,829	\$ 19,827,513	\$ 20,910,342
1120	-	-	4,029,974	4,029,974
1240	10,166,975	869,231	-	11,036,206
1250	-	-	1,010	1,010
1260	-	-	545,490	545,490
1290	-	-	136,675	136,675
1410	8,320	1,545	389,855	399,720
	<u>10,175,295</u>	<u>1,953,605</u>	<u>24,930,517</u>	<u>37,059,417</u>
Total assets	<u>\$ 10,175,295</u>	<u>\$ 1,953,605</u>	<u>\$ 24,930,517</u>	<u>\$ 37,059,417</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
2110	\$ 269,437	\$ 661,134	\$ 424,766	\$ 1,355,337
2120	47,084	103,624	73,246	223,954
2160	3,604,576	157,192	66,832	3,828,600
2170	6,254,198	274,861	-	6,529,059
2180	-	21	357,718	357,739
2310	-	4,931	232,892	237,823
	<u>10,175,295</u>	<u>1,201,763</u>	<u>1,155,454</u>	<u>12,532,512</u>
Fund balances:				
Restricted for:				
3450	-	751,842	-	751,842
Committed to:				
3545	-	-	23,775,063	23,775,063
	<u>-</u>	<u>751,842</u>	<u>23,775,063</u>	<u>24,526,905</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,175,295</u>	<u>\$ 1,953,605</u>	<u>\$ 24,930,517</u>	<u>\$ 37,059,417</u>

Richardson Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2021

Exhibit H - 2

Data Control Codes	Federal Grants	State Grants	Local Funds	Total Nonmajor Special Revenue Funds (See C-2)
REVENUES				
5700	\$ -	\$ 212,187	\$ 3,336,368	\$ 3,548,555
5800	-	4,264,464	-	4,264,464
5900	27,369,880	-	-	27,369,880
5020	<u>27,369,880</u>	<u>4,476,651</u>	<u>3,336,368</u>	<u>35,182,899</u>
EXPENDITURES				
Current:				
0011	17,063,829	1,555,431	1,398,444	20,017,704
0012	-	7	35,890	35,897
0013	5,564,053	543,608	1,097,134	7,204,795
0021	673,739	68,545	149,845	892,129
0023	195,659	-	388,603	584,262
0031	2,208,533	554,013	11,453	2,773,999
0032	182,981	-	145,836	328,817
0033	18,307	-	-	18,307
0035	-	-	7,993	7,993
0036	-	-	304,638	304,638
0041	-	-	191,313	191,313
0051	-	-	120,292	120,292
0052	292,658	459,620	2,974	755,252
0053	268,223	176,637	-	444,860
0061	901,898	-	570	902,468
0093	-	1,012,971	-	1,012,971
	<u>27,369,880</u>	<u>4,370,832</u>	<u>3,854,985</u>	<u>35,595,697</u>
	-	105,819	(518,617)	(412,798)
OTHER FINANCING SOURCES (USES)				
7915	-	-	1,000,000	1,000,000
8911	-	-	(26,947)	(26,947)
	<u>-</u>	<u>-</u>	<u>973,053</u>	<u>973,053</u>
	-	105,819	454,436	560,255
	-	646,023	23,287,274	23,933,297
1300	-	-	33,353	33,353
	<u>\$ -</u>	<u>\$ 751,842</u>	<u>\$ 23,775,063</u>	<u>\$ 24,526,905</u>

Other Supplementary Information:

Debt Service Fund



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Richardson Independent School District
Budgetary Comparison Schedule
Debt Service Fund
For the year ended June 30, 2021

Exhibit H - 3

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 89,338,861	\$ 90,060,627	\$ 89,269,360	\$ (791,267)
5800	State program revenues	481,708	537,946	564,682	26,736
5020	Total revenues	<u>89,820,569</u>	<u>90,598,573</u>	<u>89,834,042</u>	<u>(764,531)</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	59,915,829	59,015,829	54,750,829	4,265,000
0072	Interest on long-term debt	28,298,402	28,298,402	27,808,311	490,091
0073	Bond issuance costs and fees	200,000	3,602,089	3,414,037	188,052
0097	Payments to tax increment fund	950,000	1,850,000	1,817,765	32,235
6030	Total expenditures	<u>89,364,231</u>	<u>92,766,320</u>	<u>87,790,942</u>	<u>4,975,378</u>
1100	Excess (deficiency) of revenues over expenditures	<u>456,338</u>	<u>(2,167,747)</u>	<u>2,043,100</u>	<u>4,210,847</u>
OTHER FINANCING USES :					
7901	Refunding bonds issued	-	36,675,000	36,675,000	-
7916	Premium or Discount on Issuance of Bonds	-	2,862,212	2,862,212	-
8949	Payment to bond refunding escrow agent	-	(39,135,123)	(39,135,123)	-
7080	Total other financing uses	<u>-</u>	<u>402,089</u>	<u>402,089</u>	<u>-</u>
1200	Net change in fund balances	456,338	(1,765,658)	2,445,189	4,210,847
0100	Fund balances--beginning	25,593,076	25,593,076	25,593,076	-
3000	Fund balances--ending	<u>\$ 26,049,414</u>	<u>\$ 23,827,418</u>	<u>\$ 28,038,265</u>	<u>\$ 4,210,847</u>



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Other Supplementary Information:

Internal Service Funds



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Richardson Independent School District
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2021

Exhibit H - 4

Data Control Codes	Workers' Compensation	Print Shop	Discretionary Renovations	Building Supplies	Total (See D-1)
ASSETS					
Current assets:					
1110	\$ 2,381,745	\$ 27,843	\$ 26,942	\$ -	\$ 2,436,530
1120	3,022,480	-	-	-	3,022,480
1250	758	-	-	-	758
	<u>5,404,983</u>	<u>27,843</u>	<u>26,942</u>	<u>-</u>	<u>5,459,768</u>
	<u>5,404,983</u>	<u>27,843</u>	<u>26,942</u>	<u>-</u>	<u>5,459,768</u>
LIABILITIES					
Current liabilities:					
2110	30,276	17,880	2,296	-	50,452
2120	190	2,402	1,320	-	3,912
2160	-	7,561	-	-	7,561
2170	100,637	-	-	-	100,637
2210	504,398	-	-	-	504,398
	<u>635,501</u>	<u>27,843</u>	<u>3,616</u>	<u>-</u>	<u>666,960</u>
Noncurrent liabilities:					
2210	778,749	-	-	-	778,749
	<u>778,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>778,749</u>
	<u>1,414,250</u>	<u>27,843</u>	<u>3,616</u>	<u>-</u>	<u>1,445,709</u>
NET POSITION					
3900	3,990,733	-	23,326	-	4,014,059
	<u>\$ 3,990,733</u>	<u>\$ -</u>	<u>\$ 23,326</u>	<u>\$ -</u>	<u>\$ 4,014,059</u>

Richardson Independent School District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
June 30, 2021

Exhibit H - 5

Data Control Codes	Workers' Compensation	Print Shop	Discretionary Renovations	Building Supplies	Total (See D-2)
Operating revenues :					
5754	\$ 796,268	\$ 405,098	\$ 66,484	\$ -	\$ 1,267,850
	796,268	405,098	66,484	-	1,267,850
Operating expenses :					
6100	281,523	377,799	-	-	659,322
6200	169,883	152,370	35,009	-	357,262
6300	4,076	134,708	8,164	-	146,948
6429	705,843	-	-	-	705,843
6400	1,092	1,402	-	-	2,494
	1,162,417	666,279	43,173	-	1,871,869
	(366,149)	(261,181)	23,311	-	(604,019)
Non-operating revenues :					
5742	19,999	-	-	-	19,999
	19,999	-	-	-	19,999
	(346,150)	(261,181)	23,311	-	(584,020)
7915	-	261,180	-	-	261,180
8911	-	-	-	(21,074)	(21,074)
	(346,150)	(1)	23,311	(21,074)	(343,914)
	4,336,883	1	15	21,074	4,357,973
3900	\$ 3,990,733	\$ -	\$ 23,326	\$ -	\$ 4,014,059

Richardson Independent School District
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2021

Exhibit H - 6

	Workers' Compensation	Print Shop	Discretionary Renovations	Building Supplies	Total (See D-3)
CASH FLOWS FROM OPERATING ACTIVITIES					
Internal activity - receipts from other funds	\$ 796,268	\$ 419,768	\$ 103,523	\$ 21,074	1,340,633
Payments to suppliers	(878,567)	(279,911)	(61,459)	-	(1,219,937)
Payments to employees	(294,014)	(371,576)	1,320	-	(664,270)
Internal activity - disbursements to other funds	36,943	-	(16,442)	-	20,501
Claims paid	(302,649)	(1,618)	-	-	(304,267)
Net cash provided (used) by operating activities	<u>(642,019)</u>	<u>(233,337)</u>	<u>26,942</u>	<u>21,074</u>	<u>(827,340)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	-	261,180	-	-	261,180
Transfers out to other funds	-	-	-	(21,074)	(21,074)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>261,180</u>	<u>-</u>	<u>(21,074)</u>	<u>240,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(3,022,480)	-	-	-	(3,022,480)
Interest	25,143	-	-	-	25,143
Net cash provided (used) by investing activities	<u>(2,997,337)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,997,337)</u>
Net increase (decrease) in cash and investments	(3,639,356)	27,843	26,942	-	(3,584,571)
Cash - beginning of the year	6,021,101	-	-	-	6,021,101
Cash - end of the year	<u>\$ 2,381,745</u>	<u>\$ 27,843</u>	<u>\$ 26,942</u>	<u>\$ -</u>	<u>\$ 2,436,530</u>
Reconciliation of operating income (loss) to net cash used by operating activities:					
Operating income (loss)	\$ (366,149)	\$ (261,181)	\$ 23,311	\$ -	(604,019)
Due from (to) other funds	36,943	14,670	20,597	21,074	93,284
Accounts payable	2,327	8,569	(18,286)	-	(7,390)
Claims payable	(315,330)	-	-	-	(315,330)
Payroll deductions and withholdings payable	190	4,605	1,320	-	6,115
Net cash provided (used) by operating activities	<u>\$ (642,019)</u>	<u>\$ (233,337)</u>	<u>\$ 26,942</u>	<u>\$ 21,074</u>	<u>\$ (827,340)</u>



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Other Supplementary Information:

Required TEA Schedule

RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
AS OF JUNE 30, 2021

Last Ten Fiscal Years	1		2	3	10
	Tax Rates			Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance
	<u>Maintenance</u>		<u>Debt Service</u>		
Prior to 2013	various		various	various	\$ 1,253,862
2013	1.04005		0.30000	16,233,822,572	142,704
2014	1.04005		0.30000	16,695,240,343	186,776
2015	1.04005		0.30000	17,427,165,693	210,055
2016	1.04005		0.30000	18,291,885,506	230,230
2017	1.04005		0.35000	20,106,983,186	712,918
2018	1.04005		0.35000	21,896,395,339	1,097,193
2019	1.17000		0.35000	22,485,774,539	1,528,998
2020	1.06835		0.35000	24,212,402,735	4,217,777
2021	1.05470		0.35000	25,764,976,747	
TOTALS					<u><u>\$ 9,580,513</u></u>

Exhibit J - 1

20	31	32	40	50
<u>Current</u>	<u>Maintenance</u>	<u>Debt Service</u>	<u>Entire</u>	<u>Ending</u>
<u>Year's</u>	<u>Total</u>	<u>Total</u>	<u>Year's</u>	<u>Balance</u>
<u>Total Levy</u>	<u>Collections</u>	<u>Collections</u>	<u>Adjustments</u>	
\$ -	\$ 74,295	\$ 16,128	\$ (12,741)	1,150,698
-	7,985	2,304	(1,855)	130,560
-	50,061	14,442	21,008	143,281
-	52,205	15,061	19,224	162,013
-	56,349	16,256	18,336	175,961
-	107,985	36,341	(310,474)	258,118
-	124,533	41,911	(19,722)	911,027
-	(223,462)	(66,862)	(785,030)	1,034,292
-	(85,325)	(27,958)	(2,878,755)	1,452,305
<u>361,731,974</u>	<u>269,126,569</u>	<u>88,993,002</u>	<u>188,659</u>	<u>3,801,062</u>
<u>\$ 361,731,974</u>	<u>\$ 269,291,195</u>	<u>\$ 89,040,625</u>	<u>\$ (3,761,350)</u>	<u>\$ 9,219,317</u>



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**STATISTICAL
SECTION**

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION CONTENTS (UNAUDITED)**

This part of the Richardson Independent School District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	74
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	81
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	85
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	89
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	91

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT^{1,2}
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2012	2013	2014 ³	2015	2016	2017 ⁴	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 147,686,500	\$ 152,363,889	\$ 163,101,801	\$ 177,605,048	\$ 172,227,554	\$ 190,394,746	\$ 202,000,786	\$ 192,081,509	\$ 205,627,885	\$ 164,425,703
Restricted:										
Federal and State Grants	-	-	-	851,828	473,667	475,891	757,960	662,718	646,023	741,977
Debt Service	12,197,819	10,608,062	11,691,794	12,983,490	15,720,885	19,490,981	15,337,873	20,114,100	17,525,187	21,330,975
Child Nutrition	3,598,030	5,374,335	4,886,480	2,858,227	1,796,015	2,295,187	2,896,792	4,090,723	4,044,586	1,386,124
Unrestricted	142,338,494	148,305,625	97,256,452	96,154,476	100,723,544	(144,681,736)	(94,178,399)	(62,139,054)	(71,095,308)	(72,17,443)
Total primary government net position ^{1,2}	\$ 305,820,843	\$ 316,651,911	\$ 276,936,527	\$ 290,453,069	\$ 290,941,665	\$ 67,975,069	\$ 126,815,012	\$ 154,809,996	\$ 156,748,373	\$ 115,167,336

Source: The Statement of Net Position for the Richardson Independent School District

Notes:

- ¹ Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
- ² Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- ³ Net position for fiscal 2014 was adjusted in 2015 for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Adjustment to periods prior to 2014 was not practical.
- ⁴ Net position for fiscal 2017 was restated in 2018 for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE¹
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction	\$ 204,663,419	\$ 204,951,618	\$ 220,026,784	\$ 220,493,602	\$ 245,539,001	\$ 256,304,723	\$ 180,013,193	\$ 281,630,450	\$ 310,669,673	\$ 362,147,831
Instructional resources and media services	6,347,997	6,406,865	6,565,294	6,715,716	6,292,360	6,337,012	4,389,392	7,014,472	9,110,251	8,608,120
Curriculum and staff development services	4,996,000	5,796,715	7,568,777	8,430,597	10,672,947	10,375,582	6,973,671	13,686,699	17,489,720	16,237,179
Instructional leadership	4,818,565	5,032,847	5,276,009	5,491,080	6,193,286	7,279,650	4,477,608	7,431,323	8,431,184	8,192,297
School leadership	19,403,715	20,134,782	21,200,174	21,531,159	24,983,019	25,370,027	17,146,758	28,531,684	31,230,907	28,397,930
Guidance, counseling, and evaluation services	11,282,730	11,641,124	11,647,885	14,647,332	18,973,508	18,985,753	12,781,826	22,139,665	23,328,893	23,551,978
Social work services	734,747	751,759	781,282	867,179	963,892	1,157,341	1,023,808	1,457,860	1,594,503	1,799,232
Health services	3,774,004	3,951,563	4,144,725	4,340,075	4,939,651	5,157,922	3,469,351	5,502,136	5,461,416	6,028,419
Student transportation	3,002,928	4,534,368	4,768,989	5,664,330	6,265,317	6,896,867	7,138,412	12,718,130	12,171,818	9,917,381
Food Service	14,039,627	14,834,176	14,985,082	16,002,370	15,812,738	14,127,166	12,950,279	15,738,767	17,406,691	13,440,616
Extracurricular activities	7,350,214	7,498,820	7,821,315	7,848,306	8,258,342	9,066,812	7,028,892	9,213,908	8,651,903	10,516,548
General administration	10,005,294	8,844,811	8,799,647	9,087,931	9,011,171	8,858,162	7,240,083	11,889,201	11,975,421	17,994,236
Plant maintenance and operations	24,058,673	23,015,958	24,301,069	25,941,490	28,857,105	29,247,716	24,809,943	34,839,684	49,935,972	48,671,563
Security and monitoring services	1,509,633	1,509,473	1,572,071	1,612,527	1,878,685	1,877,415	1,720,841	3,483,695	3,163,076	3,910,925
Data processing services	4,313,272	4,396,574	4,871,099	5,339,397	6,419,037	6,676,762	4,605,011	6,962,441	7,903,772	7,291,481
Community services	413,146	399,173	580,605	749,806	665,850	538,736	409,006	524,015	1,756,205	1,913,510
Interest on long-term debt	19,265,066	18,232,828	19,070,669	17,838,806	16,896,313	17,274,819	22,123,052	22,145,742	22,300,611	16,779,679
Bond issuance costs and fees	-	324,002	426,385	606,588	434,471	2,112,334	747,400	849,067	432,962	3,414,037
Contracted instructional services between schools	-	-	-	-	434,471	2,112,334	747,400	6,108,235	555,409	1,196,543
Payments related to shared services arrangements	-	-	-	-	-	-	404,151	814,853	969,937	1,482,518
Juvenile Justice Alternative Education Programs	-	342	8,208	4,368	3,000	3,000	8,472	3,000	3,000	3,000
Payments to Tax Increment Fund	16,796	15,854	81,081	142,177	243,193	462,517	915,037	1,253,555	1,493,652	1,817,765
Other Intergovernmental Charges-Appraisal Cost	866,366	857,298	874,517	896,510	929,897	941,106	1,008,228	1,090,253	1,167,100	1,174,025
Total primary government program expenses	340,862,212	343,130,950	365,371,667	374,251,346	414,232,783	429,051,422	321,384,414	495,028,835	547,184,076	594,486,813
Program Revenues										
Governmental activities										
Charges for services										
Instruction	3,291,754	3,528,820	3,924,237	4,571,769	4,776,811	4,665,297	4,601,761	4,351,109	3,155,480	1,863,380
Food services	3,835,228	3,905,861	4,028,234	3,610,168	3,445,075	3,449,559	3,845,727	3,635,803	2,942,348	1,447,874
Extracurricular activities	515,350	574,036	583,179	613,482	657,948	534,159	588,639	429,794	490,538	364,921
Plant maintenance and operations	1,723,634	1,797,925	1,615,976	1,740,095	1,849,892	1,832,508	1,929,763	2,061,934	1,726,353	1,987,601
Operating grants and contributions	53,182,298	48,347,067	54,440,757	52,565,389	64,547,285	56,517,448	(14,590,433)	72,680,554	93,289,029	91,515,992
Total primary government program revenues	62,548,264	58,153,709	64,592,383	63,100,903	75,277,011	66,998,971	(3,624,543)	83,159,194	101,603,748	97,179,768
Net (Expense)/Revenue										
Total primary government expenses	\$ (278,313,948)	\$ (284,977,241)	\$ (300,779,284)	\$ (311,150,443)	\$ (338,955,772)	\$ (362,052,451)	\$ (325,008,957)	\$ (411,869,641)	\$ (445,580,328)	\$ (497,307,045)

Source: The Statement of Activities for the Richardson Independent School District

Notes:

¹ Fiscal years prior to 2013 included in this schedule are shown as restated for changes required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Exhibit S-3

RICHARDSON INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION^{1,2}
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Total primary government expenses	\$ (278,313,948)	\$ (284,977,241)	\$ (300,779,284)	\$ (311,150,443)	\$ (338,955,772)	\$ (362,052,451)	\$ (325,008,957)	\$ (411,869,641)	\$ (445,580,328)	\$ (497,307,045)
General Revenues										
Governmental activities										
Taxes										
Property taxes levied for general purposes	161,065,803	162,977,692	168,592,961	175,653,983	183,836,133	200,257,917	217,262,735	262,741,966	259,194,611	270,859,001
Property taxes levied for debt service	46,364,542	46,918,235	48,437,847	50,371,316	52,607,863	66,606,917	72,054,208	77,263,875	83,326,337	87,657,002
State Aid Formula Grants	89,186,109	79,939,184	90,869,939	95,192,699	98,739,192	90,431,101	78,840,004	70,614,229	87,495,161	82,052,490
Unrestricted grants and contributions	4,163,081	5,272,471	2,623,612	2,435,052	2,726,807	3,952,004	4,939,120	11,388,496	7,587,849	8,178,422
Investment earnings	442,007	544,137	417,692	324,193	767,608	1,439,769	5,092,451	7,678,002	5,734,398	364,343
Miscellaneous	3,543,309	1,745,682	733,580	689,742	766,765	1,043,162	1,244,206	4,509,496	4,180,349	6,601,397
Special Items:										
Sale of Land Parcel	-	-	-	-	-	2,856,462	103,876	5,668,561	-	-
Disposition of Capital Assets	(1,999,559)	(1,589,092)	-	-	-	-	-	-	-	-
Receipt of buses from the Dissolution Committee for the Former Board of Dallas County Schools	-	-	-	-	-	-	4,312,300	-	-	-
Total primary government	302,765,292	295,808,309	311,675,631	324,666,985	339,444,368	366,587,332	383,848,900	439,864,625	447,518,705	455,692,655
Change in Net Position ^{1,2}	\$ 24,451,344	\$ 10,831,068	\$ 10,896,347	\$ 13,516,542	\$ 488,596	\$ 4,534,881	\$ 58,839,943	\$ 27,994,984	\$ 1,938,377	\$ (41,614,390)
Total primary government										

Source: The Statement of Activities for the Richardson Independent School District

Notes:
¹ Effective for the fiscal year ended June 30, 2013, the district implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "net assets" are now reported as "net position."
² Fiscal years prior to 2013 included in this schedule are shown as restated for changes required by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-4

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 328,503	\$ 619,677	\$ 509,730	\$ 578,764	\$ 665,102	\$ 458,967	\$ 419,040	\$ 545,481	\$ 785,384	\$ 1,489,670
Assigned	20,579,535	14,801,736	15,210,775	15,264,492	11,017,389	20,726,587	17,325,661	29,880,328	68,404,189	71,652,788
Unassigned	75,234,542	78,152,263	79,738,094	81,159,486	80,050,869	80,410,277	80,476,033	92,299,289	87,543,530	94,350,389
Total general fund	\$ 96,142,580	\$ 93,573,676	\$ 95,458,599	\$ 97,002,742	\$ 91,733,360	\$ 101,595,831	\$ 98,220,734	\$ 122,725,098	\$ 156,733,103	\$ 167,492,847
All Other Governmental Funds										
Nonspendable	\$ 215,762	\$ 74,760	\$ 100,553	\$ 79,161	\$ 75,123	\$ 111,212	\$ 92,689	\$ 163,555	\$ 317,601	\$ 641,958
Restricted	68,456,909	59,593,560	44,708,929	43,863,761	22,495,496	252,912,454	162,202,446	188,102,162	102,950,978	57,788,523
Committed	20,872,488	20,962,247	20,563,972	20,385,173	20,456,465	20,715,626	21,877,701	22,668,827	23,287,274	23,385,208
Assigned	26,680,879	37,199,536	28,172,096	24,372,005	37,889,064	27,027,382	36,272,670	44,435,690	24,061,550	15,911,203
Total all other governmental funds	\$ 116,226,038	\$ 117,830,103	\$ 93,545,550	\$ 88,700,100	\$ 80,916,148	\$ 300,766,674	\$ 220,445,506	\$ 255,370,234	\$ 150,617,403	\$ 97,726,892
Total General and Other Governmental	\$ 212,368,618	\$ 211,403,779	\$ 189,004,149	\$ 185,702,842	\$ 172,649,508	\$ 402,362,505	\$ 318,666,240	\$ 378,095,332	\$ 307,350,506	\$ 265,219,739

Source: The Balance Sheet of Governmental Funds for the Richardson Independent School District

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS REVENUES *
LAST TEN FISCAL YEARS (UNAUDITED)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Federal sources:										
Federal grants	\$ 27,206,510	\$ 25,856,419	\$ 24,660,719	\$ 25,096,494	\$ 24,943,351	\$ 24,947,046	\$ 26,119,129	\$ 34,044,410	\$ 38,494,780	\$ 37,794,803
Child Nutrition	10,497,002	12,174,048	11,076,683	11,372,659	11,299,914	10,959,034	11,241,489	12,227,191	13,138,277	8,070,722
Total federal sources	37,703,512	38,030,467	35,737,402	36,469,153	36,243,265	35,906,080	37,360,618	46,271,601	51,633,057	45,865,525
State sources:										
State education finance program	100,578,078	90,728,839	103,595,497	108,603,422	113,455,584	105,903,799	95,298,957	87,587,472	108,037,735	102,799,909
Child Nutrition	83,431	82,887	88,332	88,235	88,186	88,436	89,899	84,216	81,673	85,009
Debt Service	-	-	-	-	904,958	727,476	690,837	607,263	602,897	564,682
State grants and other	5,518,998	2,191,606	5,855,871	2,196,880	4,742,459	2,584,019	3,113,288	4,178,687	9,068,609	4,264,464
Total state sources	106,180,507	93,003,332	109,539,700	110,888,537	119,191,187	109,303,730	99,192,981	92,457,638	117,790,914	107,714,064
Local sources:										
Property taxes	207,444,123	210,011,110	216,941,785	226,576,959	236,173,385	266,934,547	288,680,678	339,494,146	339,494,146	357,770,634
Capital Projects fund	25,054	1,406,720	32,026	54,927	64,866	506,706	2,401,726	3,106,014	2,553,424	175,976
Child Nutrition	3,847,912	3,920,350	4,033,137	3,613,147	3,449,931	3,460,510	3,887,711	3,713,975	3,713,975	1,447,874
Athletic Activities	573,342	619,168	736,604	678,153	727,173	644,560	616,558	540,848	540,848	474,749
Other Local Sources	8,443,321	8,675,146	9,158,336	9,835,582	10,997,260	11,330,720	13,964,560	18,526,934	18,526,935	10,501,733
Total local sources	220,333,752	224,632,494	230,901,888	240,758,768	251,412,615	282,877,043	309,551,233	365,381,917	364,829,328	370,370,966
Total revenues	\$ 364,217,771	\$ 355,666,293	\$ 376,178,990	\$ 388,116,438	\$ 406,847,067	\$ 428,086,853	\$ 446,104,832	\$ 504,111,156	\$ 534,253,299	\$ 523,950,555

Source: Exhibit C-2, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds for the Richardson Independent School District

Notes:

* Includes General, Child Nutrition, Debt Service, Capital Projects, and Special Revenue Funds.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO¹
LAST TEN FISCAL YEARS (UNAUDITED)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenditures										
Governmental activities										
11 Instruction	\$ 191,781,872	\$ 190,497,989	\$ 204,344,909	\$ 202,915,330	\$ 210,023,704	\$ 229,145,530	\$ 239,692,109	\$ 234,189,361	\$ 256,009,247	\$ 263,744,096
12 Instructional resources and media services	5,349,682	5,122,495	5,265,267	5,401,258	5,469,998	5,537,285	5,434,430	6,017,075	8,079,819	8,019,392
13 Curriculum and staff development services	4,968,157	5,387,093	7,155,031	8,100,811	9,432,867	9,686,007	10,651,034	11,896,580	14,858,824	15,114,810
Total function 10	202,099,711	201,007,577	216,765,207	216,417,399	224,926,569	244,368,822	255,777,573	252,103,016	278,947,890	286,878,298
21 Instructional leadership	4,808,467	4,935,922	5,151,314	5,481,134	5,382,257	6,455,288	6,102,797	6,286,503	6,974,097	7,562,348
23 School leadership	18,214,465	18,774,530	19,724,945	20,461,085	21,485,434	21,915,581	22,724,389	23,708,310	25,400,009	26,089,844
Total function 20	23,022,932	23,710,452	24,876,259	25,942,219	26,867,691	28,370,869	28,827,186	29,994,813	32,374,106	33,652,192
31 Guidance, counseling, and evaluation services	10,679,457	10,957,342	10,920,652	14,108,718	16,432,603	16,793,047	17,771,507	18,735,253	19,287,627	21,866,958
32 Social work services	731,517	741,248	767,299	873,631	827,455	999,296	1,174,393	1,252,640	1,371,223	1,655,610
33 Health services	3,410,696	3,560,355	3,735,094	3,992,326	4,227,391	4,464,299	4,449,540	4,629,043	4,486,983	5,558,136
34 Student transportation	2,862,045	4,334,876	4,553,984	5,481,163	5,620,957	6,100,452	7,809,566	11,856,244	11,460,521	11,228,433
35 Food Service	13,489,385	14,245,755	14,880,143	15,392,866	14,972,627	13,874,556	14,529,456	14,881,496	16,426,051	12,899,079
36 Extracurricular activities	6,137,444	6,389,212	6,580,027	6,420,371	7,000,970	8,164,535	7,745,776	7,691,634	7,238,485	8,458,197
Total function 30	37,310,544	40,228,788	41,437,199	46,269,075	49,082,003	50,396,185	53,480,238	59,046,310	60,270,890	61,666,413
41 General administration	8,109,094	7,193,389	7,162,163	7,046,572	7,985,913	7,737,408	8,654,176	10,097,174	9,805,660	11,795,820
Total function 40	8,109,094	7,193,389	7,162,163	7,046,572	7,985,913	7,737,408	8,654,176	10,097,174	9,805,660	11,795,820
51 Plant maintenance and operations	23,299,216	22,916,748	23,426,609	25,790,145	25,873,281	25,678,516	27,939,871	29,471,783	43,894,663	41,233,865
52 Security and monitoring services	1,462,321	1,449,801	1,509,005	1,566,824	1,653,961	1,690,862	1,700,748	3,172,252	2,800,228	3,767,376
53 Data processing services	3,957,670	4,009,554	4,454,603	4,976,605	5,643,938	5,893,807	5,503,660	6,013,314	6,842,397	6,925,317
Total function 50	28,719,207	28,376,103	29,390,217	32,333,574	33,171,180	33,263,185	35,144,279	38,657,349	53,537,288	51,926,558
61 Community services	279,860	268,958	454,514	593,058	594,711	509,555	485,748	485,544	1,566,036	1,761,197
Total function 60	279,860	268,958	454,514	593,058	594,711	509,555	485,748	485,544	1,566,036	1,761,197
71 Debt service										
Principal on long-term debt	28,660,487	29,915,811	28,135,804	29,575,127	33,604,068	43,213,865	45,454,543	47,948,614	56,773,360	55,105,669
Interest on long-term debt	16,838,435	18,743,816	18,975,502	18,805,563	17,052,542	20,522,303	23,992,167	25,536,475	30,016,237	27,808,935
Bond issuance costs and fees	783,827	324,002	426,385	606,588	434,471	2,112,334	747,400	1,955,651	432,962	3,414,037
Total function 70	46,282,749	48,983,629	47,537,691	48,987,278	51,091,081	65,848,502	70,194,110	75,440,740	87,222,559	86,328,641
81 Facilities acquisition/construction	42,777,736	46,425,512	48,416,945	29,393,366	25,424,683	81,780,833	71,259,627	104,144,296	74,318,004	26,717,547
Total function 80	42,777,736	46,425,512	48,416,945	29,393,366	25,424,683	81,780,833	71,259,627	104,144,296	74,318,004	26,717,547
91 Contracted instructional services between schools	-	-	-	-	-	-	-	6,108,235	535,409	1,196,543
93 Payments related to shared services arrangements	-	-	-	-	-	-	404,151	814,853	969,937	1,482,518
95 Juvenile Justice Alternative Education Programs	-	342	8,208	4,368	3,000	3,000	8,472	3,000	3,000	3,000
97 Payments to Tax Incremental Fund	16,796	15,854	81,081	142,177	243,193	462,517	915,037	1,253,555	1,493,652	1,817,765
99 Other Intergovernmental Charges-Appraisal Cost	866,366	857,298	874,517	896,510	929,897	941,106	1,008,228	1,090,253	1,167,100	1,174,025
Total function 90	883,162	873,494	963,806	1,043,055	1,176,090	1,406,623	2,335,888	9,269,896	4,169,098	5,673,851
Total expenditures	\$ 389,484,995	\$ 397,067,902	\$ 417,004,001	\$ 408,025,596	\$ 420,319,921	\$ 513,681,982	\$ 526,158,825	\$ 579,239,138	\$ 602,211,531	\$ 566,400,517
Capital Expenditures	49,543,591	50,396,332	53,967,487	31,153,026	18,454,505	82,668,173	74,731,292	99,701,463	66,042,350	33,930,387
Debt service as a percentage of noncapital expenditures	13.4%	14.0%	13.0%	12.8%	12.6%	14.8%	15.4%	15.3%	16.2%	15.6%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Richardson Independent School District

Notes:

¹ Includes General, Child Nutrition, Debt Service, Capital Projects, and Special Revenue Funds.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST TEN FISCAL YEARS (UNAUDITED)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess of revenues over (under) expenditures	\$ (25,267,224)	\$ (41,401,609)	\$ (40,825,011)	\$ (19,909,158)	\$ (13,472,854)	\$ (85,595,129)	\$ (80,053,993)	\$ (75,127,982)	\$ (71,328,396)	\$ (42,449,962)
Other Financing Sources (Uses)										
General long-term debt issued	87,520,000	36,080,000	17,140,000	16,340,000	-	275,360,000	-	116,960,000	-	-
General long-term debt refunding	58,690,000	35,675,000	19,230,000	43,430,000	38,660,000	11,905,000	85,105,000	-	33,799,970	36,675,000
Premium or discount on issuance on bonds	18,735,744	8,625,324	4,088,438	5,159,859	7,085,458	36,968,943	10,322,494	11,928,513	3,564,724	2,862,212
Issuance from capital leases	776,791	-	-	30,732	-	1,744,239	-	-	-	-
Sale of real or personal property	-	-	-	15,033,374	-	2,856,462	103,876	5,668,561	208,269	123,859
Transfers in	18,971,640	16,000,000	15,000,000	(14,971,000)	24,059,182	8,905,301	10,000	16,000,582	1,000,000	1,026,947
Other resources	3,109,123	-	-	(48,415,114)	-	-	-	-	-	-
Transfers out	(19,160,362)	(16,205,709)	(15,000,000)	-	(24,059,182)	(9,000,000)	(10,500,000)	(16,000,582)	(1,030,972)	(1,267,053)
Payments to escrow agents	(68,314,364)	(39,737,845)	(22,033,057)	-	(45,325,938)	(13,431,819)	(98,673,642)	-	(36,958,421)	(39,135,123)
Other uses	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	100,328,572	40,436,770	18,425,381	16,607,851	419,520	315,308,126	(13,632,272)	134,557,074	583,570	285,842
Net change in fund balances	\$ 75,061,348	\$ (964,839)	\$ (22,399,630)	\$ (3,301,307)	\$ (13,053,334)	\$ 229,712,997	\$ (93,686,265)	\$ 59,429,092	\$ (70,744,826)	\$ (42,164,120)

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds for the Richardson Independent School District

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
 APPRAISED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	APPRAISED VALUE			Less: Exemptions	Total Estimated Taxable Value	Total Direct Rate ¹
	Residential or Real Property	Personal Property				
2012	16,621,997,500	2,601,512,330		3,134,916,431	16,088,593,399	1.34005
2013	16,749,906,760	2,607,463,930		3,123,548,118	16,233,822,572	1.34005
2014	17,204,882,060	2,660,765,860		3,170,407,577	16,695,240,343	1.34005
2015	18,004,179,260	2,681,291,320		3,258,304,887	17,427,165,693	1.34005
2016	19,301,762,110	2,838,200,940		3,848,077,544	18,291,885,506	1.34005
2017	21,305,843,460	3,062,408,270		4,261,268,544	20,106,983,186	1.34005
2018	23,439,201,230	3,124,807,470		4,667,613,361	21,896,395,339	1.39005
2019	24,667,111,895	3,229,457,420		5,410,794,776	22,485,774,539	1.39005
2020	26,080,999,887	3,386,582,950		5,255,180,102	24,212,402,735	1.52000
2021	29,109,827,229	3,651,479,690		6,996,330,172	25,764,976,747	1.40470

Source: Dallas Central Appraisal District.

Notes:

- The District performs its own tax collection activities.
- Property is appraised at full market value. Properties are reappraised at least once every three years.
- Represents total appraised value before exemptions.

¹ Per \$100 of assessed value.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Richardson Independent School District Direct Rates				Overlapping Rates ¹			
	Maintenance and Operations	Debt Service	Total	County of Dallas ²	City of Richardson	City of Garland	City of Dallas	
2012	1.04005	0.30000	1.34005	0.62377	0.63516	0.70460	0.79700	
2013	1.04005	0.30000	1.34005	0.64341	0.63516	0.70460	0.79700	
2014	1.04005	0.30000	1.34005	0.65380	0.63516	0.70460	0.79700	
2015	1.04005	0.30000	1.34005	0.66387	0.63516	0.70460	0.79700	
2016	1.04005	0.30000	1.34005	0.66275	0.63516	0.70460	0.79700	
2017	1.04005	0.35000	1.39005	0.65470	0.62516	0.70460	0.78250	
2018	1.04005	0.35000	1.39005	0.65674	0.62516	0.70460	0.78040	
2019	1.17000	0.35000	1.52000	0.65650	0.62516	0.70460	0.77670	
2020	1.06835	0.35000	1.41835	0.64660	0.62516	0.76960	0.77660	
2021	1.05470	0.35000	1.40470	0.63984	0.62516	0.76960	0.77630	

Source: Appropriate government entities' tax departments.

Notes:

¹ Includes levies for operating and debt service costs.

² Includes Dallas County, Dallas County Road District No. 1, Dallas County Hospital District and Dallas County Community College District.

Tax Rate Limitation (imposed by statute and local referendum):

- Debt Service of Limited Tax Bond: \$0.50 per \$100 assessed valuation of taxable property in the District (Section 20.08, Texas Education Code).

- Debt Service of Unlimited Tax Bond: None (Section 20.04 and 20.08, Texas Education Code).

- Local Maintenance: \$1.50 per \$100 assessed valuation subject to reduction as a debt increases above 7% of taxable assessed valuation (Section 20.04, Texas Education Code).

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

	2021			2012		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Texas Instruments	\$ 751,199,345	1	2.9%	\$ 711,840,983	1	4.4%
Collins Technology Park Partners	485,626,030	2	1.9%			
Medical City	357,316,510	3	1.4%	65,884,480	7	0.4%
Linked-In	184,274,320	4	0.7%			
Southwestern Bell	133,472,810	5	0.5%	182,339,900	3	1.1%
Oncor Electric Delivery Co	113,975,060	6	0.4%			
MCI Worldcom	105,868,350	7	0.4%	118,210,760	4	0.7%
Lakeside Campus Partners	96,470,000	8	0.4%			
IBM Corp	92,912,920	9	0.4%			
Galatyn Properties Ltd	90,000,000	10	0.3%			
HCP Dr MCD LLC				184,638,860	2	1.1%
Texas Utilities				87,064,550	5	0.5%
YPI Park Central Properties				72,594,800	6	0.5%
Parmer Park Central				56,271,360	8	0.3%
Forest Park Realty Partners				52,009,290	9	0.3%
Raytheon				48,751,340	10	0.3%
	<u>\$ 2,411,115,345</u>		<u>9.4%</u>	<u>\$ 1,579,606,323</u>		<u>9.8%</u>

Source: Dallas Central Appraisal District

RICHARDSON INDEPENDENT SCHOOL DISTRICT

Exhibit S-11

**PROPERTY TAX LEVIES AND COLLECTIONS ¹
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Original Levy	Adjustments	Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2012	207,194,293	(576,546)	206,617,747	204,290,781	98.87%	1,879,699	206,170,480	99.78%
2013	209,805,584	(1,016,623)	208,788,961	207,192,618	99.24%	1,326,273	208,518,891	99.87%
2014	216,359,255	(725,572)	215,633,683	213,882,935	99.19%	1,455,537	215,338,472	99.86%
2015	225,938,640	(793,539)	225,145,101	223,718,978	99.37%	1,029,042	224,748,020	99.82%
2016	236,541,304	(849,039)	235,692,265	234,192,943	99.36%	1,048,849	235,241,792	99.81%
2017	267,350,514	(1,115,951)	266,234,563	264,888,931	99.49%	884,234	265,773,165	99.83%
2018	289,774,765	(1,621,486)	288,153,279	287,101,654	99.64%	232,771	287,334,425	99.72%
2019	341,783,773	(2,655,821)	339,127,952	338,163,346	99.72%	(74,909)	338,088,437	99.69%
2020	343,416,614	(2,700,783)	340,715,831	339,930,220	99.77%	(113,284)	339,816,936	99.74%
2021	361,731,974	-	361,731,974	358,119,571	99.00%	-	358,119,571	99.00%

Source: Dallas Central Appraisal District and District records.

Notes:

¹ The District performs its own tax collection activities.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-12

Fiscal Year	Governmental Activities					Total Outstanding Debt Per Capita ^{1,2}
	General Obligation Bonds	Contractual Obligations	Capital Financing Agreements	Total Primary Government	Percentage of Personal Income ²	
2011	393,880,902	-	56,079	393,936,981	12.28%	3,942
2012	465,978,351	-	612,608	466,590,959	14.09%	4,645
2013	477,382,227	-	466,797	477,849,024	14.38%	4,738
2014	468,130,468	-	325,993	468,456,461	13.96%	4,601
2015	455,478,313	-	191,598	455,669,911	12.84%	4,449
2016	421,451,668	-	12,530	421,464,198	11.67%	4,041
2017	684,999,949	-	1,402,899	686,402,848	18.45%	6,391
2018	632,277,128	-	1,048,356	633,325,484	16.60%	5,750
2019	706,852,746	-	713,859	707,566,605	17.49%	6,223
2020	640,797,651	-	359,632	641,157,283	13.92%	5,545
2021	572,294,831	-	4,792	572,299,623	12.10%	4,889

Source: District records

Notes:

¹ Details of the District's outstanding debt can be found in the notes to the financial statements.

² See Schedule S-16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2021 (UNAUDITED)**

Exhibit S-13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
City of Dallas	\$1,943,620,416	9.86%	\$ 191,640,973
City of Garland	270,035,000	5.27%	14,230,845
City of Richardson	308,360,000	55.33%	170,615,588
Dallas County	130,445,000	9.11%	11,883,540
Dallas County Hospital District	622,000	9.11%	56,664
Dallas County Schools	27,204,352	9.11%	2,478,316
Dallas County Community College District	135,375,000	9.11%	12,332,663
Subtotal, overlapping bonded debt			403,238,588
Richardson Independent School District direct debt	572,299,623	100%	572,299,623
Total direct and overlapping debt			\$ 975,538,211

Source: Taxable value data used to estimate applicable percentages provided by the Dallas Central Appraisal District. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
AS OF JUNE 30, 2021 (UNAUDITED)**

Exhibit S-14

Chapter 45 (School District Funds) Subchapter A (Taxes Bonds and Maintenance Taxes) of the Texas Education Code governs the issuance of bonds by independent school districts in the State of Texas. Key points regarding limitations on the issuance of bonds are:

- Sec. 45.001(b) – The bonds must mature serially or otherwise not more than 40 years from their date.
- Sec. 45.0031(a) – Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

The full text of Chapter 45 of the Texas Education Code can be found at www.capitol.state.tx.us.

The District's debt service tax rate for fiscal year 2021 is \$0.35 per \$100 of valuation.

Source: Texas Education Code and District records.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-15

Fiscal Year	Population ¹	Assessed Value	Total Bonded Debt Outstanding ²	Debt Service Funds ³	Net Bonded Debt Outstanding	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt Per Capita
						Bonded Debt to Assessed Value	Net Bonded Debt to Assessed Value	
2012	100,450	16,088,593,399	466,590,959	15,627,607	450,963,352	2.80%		4,489
2013	100,850	16,233,822,572	477,849,024	14,503,077	463,345,947	2.85%		4,594
2014	101,820	16,695,240,343	468,456,461	16,048,077	452,408,384	2.71%		4,443
2015	102,430	17,427,165,693	455,669,911	17,248,999	438,420,912	2.52%		4,280
2016	104,300	18,291,885,506	421,464,198	20,295,459	401,168,739	2.19%		3,846
2017	107,400	20,106,983,186	686,402,848	24,028,455	662,374,393	3.29%		6,167
2018	110,140	21,896,395,339	633,325,484	23,800,333	609,525,151	2.78%		5,534
2019	113,710	22,485,774,539	707,566,605	28,000,673	679,565,932	3.02%		5,976
2020	115,630	24,212,402,735	641,157,283	25,593,076	615,564,207	2.54%		5,324
2021	117,050	25,764,976,747	572,299,623	28,038,265	544,261,358	2.11%		4,650

Source: Dallas Central Appraisal District and the District records.

Notes:

¹ See Schedule S-16 for population data. Only the City of Richardson population is represented.

² Details of the District's outstanding debt can be found in the notes to the financial statements.

³ Amount represents fund balance restricted for the retirement of long-term debt. See Exhibit C-1. This amount differs from government-wide net position restricted for debt service by amounts payable for accrued and accreted interest.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS (UNAUDITED)**

Exhibit S-16

Year	Population ¹	Personal Income (000 dollars)²	Per Capita Personal Income (dollars)²	Unemployment Rate ³
2012	100,450	3,310,631	32,958	6.10%
2013	100,850	3,323,814	32,958	5.80%
2014	101,820	3,355,784	32,958	4.60%
2015	102,430	3,547,868	34,637	3.70%
2016	104,300	3,612,639	34,637	3.60%
2017	107,400	3,720,014	34,637	3.40%
2018	110,140	3,814,919	34,637	3.20%
2019	113,710	4,046,257	35,584	3.07%
2020	115,630	4,605,427	39,829	6.40%
2021	117,050	4,730,927	40,418	5.47%

Sources :

¹ 2020 and 2021 from NCTCOG Population Estimates.

Prior years from City of Richardson 2019 ACFR, Table 13, 'Demographic and Economic Statistics'.

² 2020 and 2021 from Census.gov Income & Poverty annual estimates.

Prior years from City of Richardson 2019 ACFR, Table 13, 'Demographic and Economic Statistics'.

³ 2020 and 2021 from Texas Workforce Commission website average rates.

Prior years from Texas Workforce Commission website annual rates.

Note :

Approximately 35% of RISD is within the boundary of the City of Richardson.

Approximately 60% of RISD is within the boundary of the City of Dallas.

Approximately 5% of RISD is within the boundary of the City of Garland.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Exhibit S-17

<u>Employer</u>	2021			2012 ³		
	<u>Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment²</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Texas Instruments	6,239	1	8.56%	10,025	1	13.75%
Richardson ISD	5,572	2	7.64%	4,780	2	6.56%
The University of Texas at Dallas	2,674	3	3.67%	2,830	6	3.88%
GEICO	2,400	4	3.29%			
RealPage	2,100	5	2.88%			
Fujitsu Network Communications	1,500	6	2.06%	1,500	9	2.06%
AT&T	1,100	7	1.51%	4,300	3	5.90%
Qorvo (formerly Tri-quent)	1,000	8	1.37%			
iQor	1,000	9	1.37%			
City of Richardson	950	10	1.30%			
Bank of America				3,300	4	4.53%
Blue Cross & Blue Shield				3,100	5	4.25%
Ericsson				2,500	7	3.43%
Verizon Business				2,250	8	3.09%
Cisco				1,200	10	1.65%
Total	24,535		33.65%	35,785		49.10%

Sources : ¹ For Texas Instruments, City of Dallas AFR, 2020.

² For Richardson ISD, District Records from Fall 2020-2021 PEIMS Submission Data.

³ Remaining companies, from City of Richardson Economic Development Partnership as of July 2021.

⁴ Total city employment (the denominator), from the Labor Market Information Department, Texas Workforce Commission as of June 2021.

⁵ Richardson ISD ACFR, 2012.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

Exhibit S-18

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018¹</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Teachers										
Substitute Teacher	-	1.0	2.6	1.0	-	-	1.0	0.3	5.4	8.2
Teacher	<u>2,417.2</u>	<u>2,403.7</u>	<u>2,493.9</u>	<u>2,519.3</u>	<u>2,575.9</u>	<u>2,583.6</u>	<u>2,650.9</u>	<u>2,662.2</u>	<u>2,738.8</u>	<u>2,833.1</u>
Total Professional Support	<u>2,417.2</u>	<u>2,404.7</u>	<u>2,496.5</u>	<u>2,520.3</u>	<u>2,575.9</u>	<u>2,583.6</u>	<u>2,651.9</u>	<u>2,662.5</u>	<u>2,744.2</u>	<u>2,841.3</u>
Professional Support										
Athletic Trainer	2.2	2.5	2.6	2.9	2.5	3.0	3.6	3.7	6.7	5.8
Athletics - Other than Athletic Director	-	-	-	-	-	-	4.0	4.0	0.9	0.4
Audiologist	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.6	1.0	1.0
Business Services Professional	-	-	-	-	-	-	13.0	11.2	12.2	13.0
Communications Professional	-	-	-	-	-	-	6.0	6.0	7.0	9.0
Counselor	101.5	101.9	101.0	102.5	105.0	107.3	109.4	108.4	117.0	120.7
Custodial Professional	-	-	-	-	-	-	2.0	2.0	2.0	2.0
Educational Diagnostician	20.5	16.3	17.4	18.0	18.5	19.5	30.2	35.5	39.0	41.5
Food Services Professional	-	-	-	-	-	-	2.0	2.0	2.0	2.0
Instructional Materials Coordinator	-	-	-	-	-	-	26.3	29.0	1.0	1.0
Internal Auditor	-	-	-	-	-	-	1.0	1.0	0.5	0.0
LEA/CMP Info Tech Professional	-	-	-	-	-	-	34.9	36.5	37.3	33.9
Legal Services	-	-	-	-	-	-	2.5	2.5	2.1	1.0
Librarian	53.0	51.5	50.7	52.7	49.4	51.0	49.0	51.5	52.5	49.4
Maintenance Professional	-	-	-	-	-	-	18.0	17.3	13.7	12.9
Music Therapist	-	-	-	1.0	-	-	-	-	-	-
Occupational Therapist	5.4	5.9	4.5	5.0	-	-	-	-	1.0	-
Physical Therapist	4.0	3.0	3.0	3.0	-	-	-	-	-	-
Research/Evaluation Professional	-	-	-	-	-	-	7.8	8.0	7.0	7.0
School Nurse	65.6	66.0	67.3	69.8	71.4	71.7	72.0	67.0	61.0	62.1
School Psychologist	8.7	13.0	18.5	22.5	26.2	23.5	19.5	11.9	15.5	14.8
Security	-	-	-	-	-	-	3.0	4.0	4.0	2.0
Speech Therapist/Speech-Language Pathologist	64.3	58.1	63.9	64.8	59.1	62.6	60.4	57.8	65.7	78.2
Teacher Facilitator	149.5	188.7	193.9	193.2	208.0	208.5	160.0	96.2	177.7	179.0
Transportation	-	-	-	-	-	-	0.6	2.0	1.0	1.0
Campus Professional Personnel	47.9	50.9	49.7	60.5	43.6	37.9	-	-	-	-
Non-Campus Professional Personnel	117.5	123.1	125.8	128.3	135.8	140.0	-	-	-	-
Other Campus Exempt Professional Auxiliary	-	-	-	-	-	-	75.9	95.7	25.6	26.8
Other LEA Exempt Professional Auxiliary	-	-	-	-	-	-	27.0	24.1	39.5	45.9
Total Professional Support	<u>641.1</u>	<u>681.9</u>	<u>699.3</u>	<u>725.2</u>	<u>720.5</u>	<u>726.0</u>	<u>729.1</u>	<u>677.9</u>	<u>692.9</u>	<u>710.4</u>
Campus Administration										
Principal	55.0	54.1	54.0	56.0	54.5	54.5	55.0	54.4	53.9	55.5
Assistant Principal	64.5	67.0	69.9	73.5	76.2	75.4	85.0	83.0	101.7	101.1
Athletic Director	0.8	1.0	0.8	0.9	2.1	2.8	1.0	1.0	1.0	0.0
Total Campus Administration	<u>120.3</u>	<u>122.1</u>	<u>124.7</u>	<u>130.4</u>	<u>132.8</u>	<u>132.7</u>	<u>141.0</u>	<u>138.4</u>	<u>156.6</u>	<u>156.6</u>
Central Administration										
Assistant/Assoc/Deputy Superintendent	5.0	5.0	6.0	7.0	7.0	6.2	7.0	6.0	6.0	6.0
Instructional Officer	31.0	30.0	34.0	46.2	47.5	51.2	51.4	59.0	74.5	73.4
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Athletic Director	2.0	2.0	2.0	1.0	1.0	1.0	2.0	2.0	0.6	2.0
Business Manager	-	-	-	-	-	-	-	2.0	1.0	1.0
Tax Assessor &/or Collector	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	4.0	4.0	4.0	5.0	4.8	5.0	4.6	5.0	6.0	6.0
Total Central Administration	<u>44.0</u>	<u>43.0</u>	<u>48.0</u>	<u>61.2</u>	<u>62.3</u>	<u>65.4</u>	<u>67.0</u>	<u>76.0</u>	<u>90.1</u>	<u>90.4</u>
Educational Aides										
Educational Aides	323.1	284.6	258.4	292.1	321.7	304.3	341.2	345.8	419.1	462.7
Total Educational Aides	<u>323.1</u>	<u>284.6</u>	<u>258.4</u>	<u>292.1</u>	<u>321.7</u>	<u>304.3</u>	<u>341.2</u>	<u>345.8</u>	<u>419.1</u>	<u>462.7</u>
Auxiliary Staff	1,126.0	1,158.4	1,179.6	1,158.8	1,187.0	1,149.0	1,152.0	1,283.7	1,316.0	1,310.8
Total All Full-Time Equivalent Employees	<u>4,671.7</u>	<u>4,694.7</u>	<u>4,806.5</u>	<u>4,888.0</u>	<u>5,000.2</u>	<u>4,961.0</u>	<u>5,082.2</u>	<u>5,184.3</u>	<u>5,418.9</u>	<u>5,572.2</u>

Source: District records from the Fall PEIMS submission data (Oct 2020)

Note: Full-time instructional employees of the District are employed for all 174 scheduled school days. Full-time-equivalent employment is determined based on the hours allocated to work.

¹ Numerous staff classifications were reclassified in 2018.

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2012	37,044	246,616,577	6,657	1.39 %	2,417.2	15.3	58.0%
2013	38,043	251,352,274	6,607	(0.75)%	2,404.7	15.8	60.0%
2014	38,283	266,897,906	6,972	5.52 %	2,496.5	15.3	60.0%
2015	38,618	280,000,829	7,251	4.00 %	2,520.3	15.3	59.0%
2016	38,738	291,967,114	7,537	3.94 %	2,575.9	15.0	57.0%
2017	39,268	301,932,686	7,689	2.02 %	2,583.6	15.2	57.0%
2018	39,314	321,904,129	8,188	6.49 %	2,651.9	14.8	57.0%
2019	39,108	335,376,095	8,576	4.74 %	2,662.5	14.7	56.0%
2020	39,619	350,174,118	8,839	3.07 %	2,744.2	14.4	55.5%
2021	37,787	377,250,637	9,984	12.95 %	2,841.3	13.3	55.5%

Source : District records

**RICHARDSON INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)**

<u>School</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Elementary										
Buildings	41	41	41	41	41	41	41	41	41	41
Square feet	2,846,157	2,858,395	2,915,406	2,915,406	2,964,601	2,958,009	2,958,009	2,991,625	2,991,625	2,991,625
Maximum Capacity	29,076	29,296	29,524	29,524	30,276	30,840	30,840	30,556	30,556	30,556
Enrollment	22,186	22,876	22,897	23,021	23,059	23,345	23,148	23,050	23,237	21,701
Middle										
Buildings	8	8	8	8	8	8	8	8	8	8
Square feet	1,078,668	1,078,668	1,078,668	1,093,351	1,093,351	1,093,351	1,093,351	1,093,351	1,093,351	1,093,351
Maximum Capacity	8,190	8,190	8,190	8,190	8,468	8,468	8,468	8,382	8,382	8,382
Enrollment ¹	5,147	5,352	5,564	5,658	5,576	5,486	5,527	5,651	5,909	5,670
High										
Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	1,913,358	1,913,358	1,913,358	1,913,791	1,913,791	1,913,791	1,913,791	1,958,001	1,958,001	2,011,437
Maximum Capacity	13,113	13,113	13,113	13,113	12,882	12,882	12,882	13,076	13,076	12,996
Enrollment ¹	9,708	9,813	9,813	9,934	10,100	10,425	10,632	10,403	10,467	10,412
Other Educational Facilities										
Buildings	3	3	3	3	3	4	4	4	8	8
Square feet	39,668	39,668	39,668	39,668	39,668	62,668	62,668	62,668	382,668	382,668
Administrative/Transportation										
Buildings	7	7	7	7	7	8	8	8	8	8
Square feet	247,895	248,757	249,207	259,649	259,649	286,454	286,454	286,454	286,454	286,454
Athletics										
Football/soccer fields (quantity)	25	25	25	25	24	24	24	24	24	24
Football stadiums (quantity)	6	6	6	6	5	4	4	4	4	4
Running tracks (quantity)	13	13	13	13	13	13	13	13	13	13
Baseball fields (quantity)	4	4	4	4	4	4	4	4	4	4
Softball fields (quantity)	19	19	19	19	19	19	19	19	19	19
Tennis court sites (quantity)	16	16	16	16	12	12	12	12	12	12
Swimming pools (quantity)	2	2	2	2	2	2	2	2	2	2
Playgrounds (quantity)	120	120	118	118	109	109	109	109	109	109

Source: District records

Notes:

¹ 2021 enrollment does not include four students that attend the JJAEP, a special program located in non-district facilities.



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**FEDERAL AWARDS
SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richardson Independent School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

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

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

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

To the Board of Trustees
Richardson Independent School District

Compliance and Other Matters

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

Purpose of this Report

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

Whitley Penn LLP

Dallas, Texas
November 15, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited Richardson 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

To the Board of Trustees
Richardson Independent School District

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Whitley Penn LLP

Dallas, Texas
November 15, 2021

RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster	ALNs
Special Education Cluster	
Special Education - Grants to States (IDEA, Part B)	84.027A
Special Education - High Cost Fund	84.027A
Special Education - Preschool Grants (IDEA Preschool)	84.173A
Coronavirus Relief Fund - CARES Act (Remote Learning Operation Connectivity - CV19)	21.019
Coronavirus Relief Fund - CARES Act (State & Local Match Reimbursement Program)	21.019
Elementary and Secondary School Emergency Relief (ESSER) - Funds (Coronavirus Aid, Relief, and Economic Security Act (CARES Act))	84.425D
Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act	84.425D
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$1,130,613
Auditee qualified as low-risk auditee?	Yes

RICHARDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2021

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None reported

RICHARDSON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2021

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

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

I. Prior Audit Findings

There was no prior year finding.

RICHARDSON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2021

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

I. Corrective Action Plan

Not applicable

**Richardson Independent School District
Schedule of Expenditure of Federal Awards
For the ended June 30, 2021**

Exhibit K - 1

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Project Number</u>	<u>Special Revenue Fund Expenditures</u>	<u>General Fund Overhead</u>	<u>Total</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
CHILD NUTRITION CLUSTER					
Passed through the Texas Education Agency					
School Breakfast Program	10.553	71402101	\$ 1,518,983	\$ -	\$ 1,518,983
School Breakfast Program (COVID-19)	10.553	71402001	169,718	-	169,718
School Breakfast Program - Summer Seamless Option (COVID-19)	10.553	52402001	266,687	-	266,687
National School Lunch Program	10.555	71302101	3,847,252	870,418	4,717,670
National School Lunch Program (COVID-19)	10.555	71302001	443,144	-	443,144
National School Lunch Program - Summer Seamless Option (COVID-19)	10.555	52302001	424,811	-	424,811
Total Passed through the Texas Education Agency			6,670,595	870,418	7,541,013
Passed through the Texas Department of Agriculture:					
National School Lunch Program - Noncash Assistance (Commodities)	10.555	00284	1,336,468	-	1,336,468
Total Passed through the Texas Department of Agriculture			1,336,468	-	1,336,468
TOTAL CHILD NUTRITION CLUSTER					
			8,007,063	870,418	8,877,481
Passed through the Texas Department of Agriculture:					
Child and Adult Care Food Program	10.558	806780706	63,659	-	63,659
Total Passed through the Texas Department of Agriculture			63,659	-	63,659
TOTAL U.S. DEPARTMENT OF AGRICULTURE			8,070,722	870,418	8,941,140
<u>U.S. DEPARTMENT OF DEFENSE</u>					
Direct Program					
JROTC	12.000	TX791840	119,136	-	119,136
TOTAL U.S. DEPARTMENT OF DEFENSE			119,136	-	119,136
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Passed through Texas Education Agency:					
Title I, Part A - Improving Basic Programs	84.010A	21610101057916	7,766,163	169,521	7,935,684
Title I, Part A - Improving Basic Programs	84.010A	20610101057916	1,427,354	325,354	1,752,708
Total Title I - Part A (84.010A)			9,193,517	494,875	9,688,392
SPECIAL EDUCATION CLUSTER					
Special Education - Grants to States (IDEA, Part B)	84.027A	216600010579166600	5,942,835	142,693	6,085,528
Special Education - Grants to States (IDEA, Part B)	84.027A	206600010579166600	717,575	24,170	741,745
Special Education - High Cost Fund	84.027A	66002106	30,030	-	30,030
Special Education - Preschool Grants (IDEA Preschool)	84.173A	216610010579166610	46,514	747	47,261
Special Education - Preschool Grants (IDEA Preschool)	84.173A	206610010579166610	33,796	1,175	34,971
Total Special Education Cluster			6,770,750	168,785	6,939,535
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048A	21420006057916	378,745	-	378,745
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048A	20420006057916	699	595	1,294
Total Career and Technical Education (84.048A)			379,444	595	380,039
2021-2021 Texas Education for Homeless Children and Youth	84.196A	214600057110060	27,344	596	27,940
2019-2020 Texas Education for Homeless Children and Youth	84.196A	204600057110060	4,089	144	4,233
Total Texas Education for Homeless Children and Youth (84.196A)			31,433	740	32,173
Title II, Part A, Supporting Effective Instruction	84.367A	21694501057916	998,598	14,877	1,013,475
Title II, Part A, Supporting Effective Instruction	84.367A	20694501057916	151,187	5,066	156,253
Total Title II - Part A (84.367A)			1,149,785	19,943	1,169,728
Title III, Part A-Language Instruction for Limited English Proficient Students	84.365A	21671001057916	742,067	8,721	750,788
Title III, Part A-Language Instruction for Limited English Proficient Students	84.365A	20671001057916	308,080	3,750	311,830
Title III, Language Instruction for Immigrant Students	84.365A	21671003057916	309,135	1,849	310,984
Total Title III Language Instruction for LEP Students and Immigrants (84.365A)			1,359,282	14,320	1,373,602
Title IV, Part A, Subpart 1, Student Support and Academic Enrichment Program	84.424A	21680101057916	339,725	2,332	342,057
Title IV, Part A, Subpart 1, Student Support and Academic Enrichment Program	84.424A	20680101057916	347,843	6,957	354,800
Total Title IV, Part A, Subpart 1, Student Support and Academic Enrichment Program (84.424A)			687,568	9,289	696,857
2019-2021 School Action Fund - Implementation	84.377A	176107377110007	152,551	5,061	157,612
2020-2021 School Action Fund - Planning	84.377A	166107397110023	92,617	4,667	97,284
Instructional Continuity	84.377A	17610740057916	59,500	-	59,500
Total School Improvement Grants (84.377A)			304,668	9,728	314,396

**Richardson Independent School District
Schedule of Expenditure of Federal Awards
For the ended June 30, 2021**

Exhibit K - 1

<u>Federal Grantor/ Pass-Through Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Project Number</u>	<u>Special Revenue Fund Expenditures</u>	<u>General Fund Overhead</u>	<u>Total</u>
Elementary and Secondary School Emergency Relief (ESSER) Funds – (Coronavirus Aid, Relief, and Economic Security Act (CARES Act))	84.425D	20521001057916	338,888	-	338,888
Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Total Elementary and Secondary School Emergency Relief Fund (84.425D)	84.425D	52102135	3,097,463	96,956	3,194,419
			3,436,351	96,956	3,533,307
Total Passed through Texas Education Agency			23,312,798	815,231	24,128,029
Passed through Dallas County Local Workforce Development Board Adult Education Literacy (AEL)	84.002	-	382,620	13,304	395,924
Total Passed through Dallas County Local Workforce Development Board			382,620	13,304	395,924
TOTAL U.S. DEPARTMENT OF EDUCATION			23,695,418	828,535	24,523,953
<u>U.S. DEPARTMENT OF TREASURY</u>					
Passed through Education Service Center IV:					
Coronavirus Relief Fund – CARES Act (Remote Learning Operation Connectivity - CV19)	21.019	30004594	1,737,500	-	1,737,500
Passed through the Texas Education Agency					
Coronavirus Relief Fund – CARES Act (State & Local Match Reimbursement Program)	21.019	30004594	340,000	-	340,000
Passed through the City of Dallas:					
Coronavirus Relief Fund – CARES Act (State & Local Match Reimbursement Program)	21.019	30004594	260,000	-	260,000
Passed through the City of Richardson:					
Coronavirus Relief Fund – CARES Act (State & Local Match Reimbursement Program)	21.019	30004594	80,000	-	80,000
Passed through the Texas Division of Emergency Management:					
Coronavirus Relief Fund – CARES Act (State & Local Match Reimbursement Program)	21.019	30004594	457,300	-	457,300
TOTAL U.S. DEPARTMENT OF TREASURY			2,874,800	-	2,874,800
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Program					
Medicaid Administrative Claiming Program (MAC)	93.778	-	190,704	-	190,704
Coronavirus Relief Fund	93.575	-	164,064	-	164,064
CHILD CARE AND DEVELOPMENT (CCDF) CLUSTER					
Passed through the Texas Workforce Commission					
Coronavirus Relief Fund – CARES Act (Child Care COVID Relief Funds)	93.575	-	781,369	-	781,369
Passed through Texas Health and Human Services Commission					
Child Care and Development Fund (CCDF) - Childcare Group	93.575	529-07-0157-00060	90,250	-	90,250
TOTAL CCDF CLUSTER			871,619	-	871,619
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,226,387	-	1,226,387
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE</u>					
Passed through University of North Texas:					
Americorp (HIPPY)	94.006	18ACHTX0010003	1,687	-	1,687
TOTAL CORP. FOR NATIONAL & COMMUNITY SERVICE			1,687	-	1,687
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 35,988,150	\$ 1,698,953	\$ 37,687,103

See notes to the Schedule of Expenditures of Federal Awards.

RICHARDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. The District utilizes the fund types specified in the Texas Education Agency *Financial Accountability System Resource Guide*.

Special Revenue Funds – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund or Special Revenue Fund, components of the Governmental Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Government Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance
5. The National School Lunch Program (ALN 10.555) received like kind goods. The monetary value of these goods was \$1,336,468 for the year ended June 30, 2021.
6. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

RICHARDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

7. The following is a reconciliation of total expenditures reported on the Schedule of Expenditures of Federal Award (Exhibit K-1) to Federal Program Revenues reported on Exhibit C-2:

Total Expenditures of Federal Awards (K-1)	\$ 37,687,103
School Health and Related Services (SHARs)	<u>8,178,422</u>
Federal Program Revenues (Exhibit C-2)	<u>\$ 45,865,525</u>

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