

CLEBURNE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

CLEBURNE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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CERTIFICATE OF THE BOARD

Cleburne Independent School District
Name of School District

Johnson
County

126-903
Co. - District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved _____ disapproved for the year ended June 30, 2022, at a meeting of the board of trustees of such school district on the 14th day of November, 2022.



Signature of Board Secretary



Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Cleburne Independent School District
Cleburne, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cleburne Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cleburne Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cleburne Independent School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Cleburne Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cleburne Independent School District's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cleburne Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cleburne Independent School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cleburne Independent School District's basic financial statements. The combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of Cleburne Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cleburne Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cleburne Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 14, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Cleburne Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. Please read this narrative in conjunction with the independent auditors' report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the District at the close of its fiscal year was \$53,300,856, a net increase of \$10,696,135 from operations over last year. Unrestricted net position of (\$11,412,340) may be used to meet the District's ongoing obligations to citizens and creditors. Net Investment in Capital Assets is \$50,384,420. The remaining \$14,344,869 is restricted for Federal and State Programs, Debt Service, Capital Projects and Campus Activities.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$107,908,185 a net increase of \$50,606,395 over the prior year. The General Fund increased by \$2,455,841 from current year operations. Other funds had an increase of \$48,150,554 from current year operations. The primary cause for the increase in Fund balances was the issuance of bonds in the Capital Projects funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,066,056 or 38% of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$22,490,064, or 39% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements - These statements provide information about the activities of the District as a whole and present both a long-term and short-term view of the District's finances. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all of the District's assets, deferred outflows/inflows, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information on all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (government activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no business-type activities and no component units for which it is financially accountable.

Fund financial statements – These statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

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

- Governmental funds – these financial statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.
- Proprietary funds – these financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the revenues covered the expenses of the goods or services. The District has no proprietary funds.
- Fiduciary funds – these financial statements provide information about activities for which the District acts solely as a trustee or agent for the benefit of others, for example, student activity funds and scholarships for graduating students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s operations.
- Notes to the financial statements – The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide statements and the fund financial statements.
- Other information – This annual report contains other supplementary information in addition to the basic financial statements and the notes to the financial statements. The Management’s Discussion and Analysis is required supplementary information under governmental accounting standards. The “Combining Schedules” for nonmajor funds contain even more information about the District’s individual funds. The “Required Texas Education Agency Schedules” and “Reports on Internal Controls, Compliance and Federal Awards” contain data used by monitoring or regulatory agencies for assurance that the District is using supplied funds in compliance with terms of grants.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the statement of net position (Table 1) and the statement of activities (Table 2) of the District’s governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2022	2021
Assets:		
Current and other assets	\$ 127,163,946	\$ 66,729,403
Capital assets	<u>199,496,169</u>	<u>180,489,353</u>
Total assets	<u>326,660,115</u>	<u>247,218,756</u>
Deferred Outflows of Resources:		
Deferred charges for refunding	1,091,891	1,264,291
Teach Retirement System	<u>11,248,231</u>	<u>11,192,155</u>
Total deferred outflows of resources	<u>12,340,122</u>	<u>12,456,446</u>
Liabilities:		
Long-term liabilities	237,914,088	187,265,549
Other liabilities	<u>20,917,678</u>	<u>10,546,736</u>
Total liabilities	<u>258,831,766</u>	<u>197,812,285</u>
Deferred Inflows of Resources:		
Teacher Retirement System	<u>26,851,522</u>	<u>19,258,196</u>
Net position:		
Net investment in capital assets	50,384,420	44,858,803
Restricted	14,344,869	14,441,269
Unrestricted	<u>(11,412,340)</u>	<u>(16,695,351)</u>
Total net position	<u>\$ 53,316,949</u>	<u>\$ 42,604,721</u>

The District's governmental activities net position increased by a net of \$10,696,135 from operations, as previously discussed. A large portion of net position, \$50,384,420, or 95%, reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, construction in progress, and accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$14,344,869 or 27%, represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted assets, (\$11,412,340), may be used to meet the District's ongoing obligations.

TABLE 2
CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 1,593,399	\$ 1,219,570
Operating grants and contributions	15,524,790	15,161,455
General revenues:		
Maintenance and operations taxes	32,062,985	30,640,839
Debt service taxes	14,570,738	13,290,612
State aid - formula grants	33,524,868	31,904,427
Investment earnings	216,156	45,771
Gain on sale of assets	16,093	2,500
Miscellaneous local & intermediate revenue	692,514	357,576
Total revenues	<u>98,201,543</u>	<u>92,622,750</u>
Expenses:		
Instruction	42,130,658	44,226,029
Instructional resources and media services	505,165	572,459
Curriculum and staff development	1,788,611	1,649,994
Instructional leadership	1,400,937	1,548,055
School leadership	3,653,564	4,177,258
Guidance, counseling, and evaluation services	2,518,289	2,534,548
Social work services	540,110	-
Health services	776,839	929,520
Student transportation	3,008,506	2,604,315
Food service	3,879,079	3,757,606
Extracurricular activities	2,934,207	2,758,136
General administration	2,275,933	2,603,440
Facilities maintenance and operations	10,362,659	9,296,737
Security and monitoring services	2,004,129	2,077,293
Data processing services	2,299,353	1,983,523
Community services	4,300	686
Interest on long-term debt	6,135,789	4,756,906
Bond issuance cost and fees	614,711	3,029
Payments related to shared services arrangements	94,239	71,802
Other governmental changes	562,237	563,109
Total expenses	<u>87,489,315</u>	<u>86,114,445</u>
Increase/(Decrease) in net position before inflows/outflows and special items	10,712,228	6,508,305
NET POSITION, BEGINNING	<u>42,604,721</u>	<u>36,096,416</u>
NET POSITION, ENDING	<u>\$ 53,316,949</u>	<u>\$ 42,604,721</u>

Governmental Revenue by Source

	Governmental Activities	
	2022	2021
Program Revenues:		
Charges for services	1.6%	1.3%
Operating grants and contributions	15.8%	16.4%
General Revenues:		
Maintenance & operating taxes	32.7%	33.1%
Debt Service taxes	14.8%	14.3%
State aid - formula grants	34.1%	34.4%
All others	0.9%	0.4%
Total Revenues	100.0%	100.0%

Governmental Expenses by Function

	Governmental Activities	
	2022	2021
Instruction	49.48%	51.39%
Instructional resources and media services	0.58%	0.66%
Curriculum and staff development	2.04%	1.92%
Instructional leadership	1.60%	1.80%
School leadership	4.18%	4.85%
Guidance, counseling, and evaluation services	2.88%	2.94%
Health services	0.89%	1.08%
Student transportation	3.44%	3.02%
Food service	4.43%	4.36%
Extracurricular activities	3.35%	3.20%
General administration	2.60%	3.02%
Facilities maintenance and operations	11.84%	10.80%
Security and monitoring services	2.29%	2.41%
Data processing services	2.63%	2.30%
Interest on long-term debt	7.01%	5.52%
Payments related to shared services arrangements	0.11%	0.08%
Other governmental changes	0.64%	0.65%
	100.00%	100.00%

The District's net position increased by a net of \$10,696,135, or 25% from current fiscal year operations as shown below.

- 1) Total net change in Fund Balances – Governmental Funds – \$50,606,395
- 2) Capital outlays and long-term debt principal – (\$35,517,207)
- 3) Depreciation – (\$7,071,410)
- 4) GASB 68 adjustments – \$1,067,421
- 5) Other miscellaneous adjustments – \$604,412
- 6) GASB 75 adjustments – \$1,022,617

The District is required under GASB 68 to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan. The required entries to record the effects of GASB 68 and GASB 71, an amendment to GASB 68, are book entries only in the statement of governmental activities and do not affect the funding of the District. These entries decreased the District's ending net position and is discussed in greater detail in the notes to the financial statements.

The District is required under GASB 75 to report its proportionate share of the unfunded liability associated with TRS-Care. The required entries to record the effects of GASB 75 are book entries only in the statement of governmental activities and do not affect the funding of the District. These entries decreased the District's ending net position and is discussed in greater detail in the notes to the financial statements.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balance 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 spending at the end of a fiscal year.

The District's governmental funds reported a combined ending fund balance of \$107,908,185 , a net increase of \$50,606,395 over last year's combined fund balance. Unassigned fund balance is \$26,066,056 , or 24%, and is available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as nonspendable, restricted or committed for the following items:

Nonspendable fund balance:	
Prepaid items	\$ <u>209,845</u>
Restricted fund balance:	
Federal or state funds grant restrictions:	
National Breakfast & Lunch Program	\$ 3,613,769
Other State Special Revenue Funds	7,355
Capital acquisition & contractual obligations	56,280,767
Retirement of long-term debt	<u>13,169,398</u>
Total restricted fund balance	\$ <u>73,071,289</u>
Committed fund balance:	
Campus Activity funds	\$ <u>689,406</u>
Assigned fund balance:	
Subsequent year's budget	\$ <u>7,871,589</u>

The General Fund is the chief operating fund of the District. At the end of the current fiscal the General Fund's unassigned fund balance was \$26,066,056 or 76% while the total fund balance was \$34,147,490. The total fund balance increased by \$2,455,841 from current year operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories:

1. Major amendment to function 53, Data Processing Services for the purchase of hotspots.
2. Major amendments to Function 51, Plant Maintenance & Operations for summer projects.
3. Major amendments to Function 81, Facilities Acquisition and Construction for the purchase of a storage facility.

The District's actual General Fund balance of \$34,147,490 differs from the General Fund's budgetary fund balance of \$24,319,995. The difference of \$9,827,495 is primarily due to actual revenues exceeding budgeted revenues by \$4,578,848 and actual expenditures being \$5,246,137 less than budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$199,496,169 (net of accumulated depreciation) for a net decrease of \$19,006,816 or 11% from last year. The decrease is due to depreciation of new assets held in Construction-in-progress in prior years. This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

More detailed information about the District's capital assets are presented in the notes to the financial statements.

	Capital Assets	
	2022	2021
Land	\$ 4,101,047	\$ 4,101,047
Construction-in-progress	20,773,526	-
Buildings and improvements	239,901,127	239,085,557
Furniture and equipment	22,583,155	18,200,205
Less depreciation	(87,862,686)	(80,897,456)
Totals	\$ 199,496,169	\$ 180,489,353

Long-term Liabilities

At year-end, the District had \$237,914,088 in long-term debt, consisting of \$176,012,532 in outstanding general obligation bonds; accreted interest of \$636,187; premium on bonds of \$23,760,360; net pension liability of \$10,276,576; net OPEB liability of \$21,153,105; and retainage payable of \$6,075,328, versus \$195,389,020 last year for a decrease of \$42,525,068 .

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2022, the District experienced an overall increase in the tax base of approximately 14%. Single family residences showed an increase of approximately 23% relative to the prior year amounts. The current year funding does not provide sufficient resources necessary to adopt a budget in which budgeted revenue exceeds budgeted expenditures, however, the fund balance position of the District is sufficient to ensure that operations can be maintained at the current level and the district can remain financially strong.

Next Year's Budget and Rates

The District's elected and appointed officials considered many factors when setting the fiscal year 2023 budget and tax rate. In preparing the 2023 budget, the goal of the Board of Trustees was to adopt a budget that meets the District's educational goals for successful education of its students, provides for a competitive and marketable salary for all district employees, and to provide sufficient resources to address aging facilities. The general fund budget, as presented and approved, resulted in a budgetary deficit of approximately \$7.9 million.

For the 2023 fiscal year, the District's budgeted revenue is projected to increase approximately \$1.7 million from the 2022 revenue. This is due primarily to an increase of tax revenue as a result of an increase to property values. Budgeted expenditures included increases in salaries for all employees of the district. Enrollment assumptions used in calculating state revenue for the 2022-2023 operating budget anticipated an increase in enrollment from the 2021-2022 final enrollment figures based on demographer reports and a conservative attendance percentage.

By adopting a general fund budget deficit for the 2023 fiscal year, the District plans to decrease fund balance on an annual basis. The year-end fund balance for the 2022 fiscal year ended June 30, 2022, and the beginning fund balance for the 2023 fiscal year in the general fund is \$34.2 million, which is approximately 45% of the 2023 annual budgeted operating expenditures. The total approved budgeted expenses is \$76.3 million for the 2023 fiscal year. With ongoing changes and developments in the accountability standards established by the State of Texas, the District will continue to monitor expenditures to ensure programmatic.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Superintendent's Office, at Cleburne Independent School District, 505 N. Ridgeway, Suite 100, Cleburne, Texas 76033.

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BASIC FINANCIAL STATEMENTS

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2022

Data Control Codes		1 <u>Primary Government</u> Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 109,974,894
1220	Delinquent property taxes receivables	2,590,897
1230	Allowance for uncollectible taxes	(1,269,408)
1240	Due from other governments	15,515,543
1290	Other receivables	275
1300	Inventories	141,900
1410	Prepayments	209,845
	Capital assets:	
1510	Land	4,101,047
1520	Buildings, net	167,394,536
1530	Furniture and equipment, net	7,227,060
1580	Construction in progress	<u>20,773,526</u>
1000	Total assets	<u>326,660,115</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred charge for refunding	1,091,891
1705	Deferred outflow related to pensions	6,587,114
1706	Deferred outflow related to other post-employment benefit	<u>4,661,117</u>
1700	Total deferred outflows of resources	<u>12,340,122</u>
LIABILITIES		
2110	Accounts payable	9,748,656
2140	Interest payable	2,689,213
2150	Payroll deductions and withholdings	1,658,222
2160	Accrued wages payable	6,679,391
2180	Due to other governments	20,366
2200	Accrued expenses	31,375
2300	Unearned revenue	90,455
	Noncurrent liabilities:	
2501	Due within one year	7,225,000
2502	Due in more than one year	199,259,407
2540	Net pension liability	10,276,576
2545	Net other post-employment benefit liability	<u>21,153,105</u>
2000	Total liabilities	<u>258,831,766</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred inflow related to pensions	12,032,885
2606	Deferred inflow related to other post-employment benefit	<u>14,818,637</u>
2600	Total deferred inflows of resources	<u>26,851,522</u>
NET POSITION		
3200	Net investment in capital assets	50,384,420
	Restricted for:	
3820	Federal and state programs	3,621,124
3850	Debt service	10,723,745
3900	Unrestricted	<u>(11,412,340)</u>
3000	Total net position	<u>\$ 53,316,949</u>

The accompanying notes are an integral part of this financial statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Functions/Programs	1	Program Revenues 3	Program Revenues 4	Net (Expenses) Revenue Changes in Net Position 6
Codes	Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
11	Instruction	\$ 42,130,658	\$ 319,188	\$ 8,324,581	\$(33,486,889)
12	Instructional resources and media services	505,165	-	(5,783)	(510,948)
13	Curriculum and staff development	1,788,611	-	199,518	(1,589,093)
21	Instructional leadership	1,400,937	-	12,400	(1,388,537)
23	School leadership	3,653,564	-	(31,426)	(3,684,990)
31	Guidance, counseling, and evaluation services	2,518,289	-	960,594	(1,557,695)
32	Social Work Services	540,110	-	234,070	(306,040)
33	Health services	776,839	-	581,873	(194,966)
34	Student transportation	3,008,506	-	11,544	(2,996,962)
35	Food service	3,879,079	235,631	5,217,653	1,574,205
36	Extracurricular activities	2,934,207	925,931	(18,168)	(2,026,444)
41	General administration	2,275,933	-	(22,524)	(2,298,457)
51	Facilities maintenance and operations	10,362,659	112,649	(11,159)	(10,261,169)
52	Security and monitoring services	2,004,129	-	10,000	(1,994,129)
53	Data processing services	2,299,353	-	(9,118)	(2,308,471)
61	Community services	4,300	-	4,300	-
72	Interest on long-term debt	6,135,789	-	56,446	(6,079,343)
73	Bond issuance costs and fees	614,711	-	-	(614,711)
93	Payments related to shared services arrangements	94,239	-	9,989	(84,250)
99	Other governmental changes	562,237	-	-	(562,237)
TG	Total governmental activities	<u>\$ 87,489,315</u>	<u>\$ 1,593,399</u>	<u>\$ 15,524,790</u>	<u>(70,371,126)</u>
General revenues:					
Taxes:					
MT	Property taxes, levied for general purposes				32,062,985
DT	Property taxes, levied for debt service				14,570,738
SF	State aid - formula grants				33,524,868
IE	Investment earnings				216,156
MI	Miscellaneous local and intermediate revenue				692,514
S1	Special item - gain on sale of assets				<u>16,093</u>
TR	Total general revenues and special item				<u>81,083,354</u>
CN	Change in net position				10,712,228
NB	Net position, beginning				<u>42,604,721</u>
NE	Net position, ending				<u>\$ 53,316,949</u>

The accompanying notes are an integral part of this financial statement.

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110	\$ 24,165,983	\$ 13,079,414	64,938,433
1220	1,976,625	614,272	-
1230	(968,446)	(300,962)	-
1240	9,508,754	-	-
1260	8,099,077	20,234	220,000
1290	275	-	-
1300	-	-	-
1410	209,845	-	-
1000	<u>42,992,113</u>	<u>13,412,958</u>	<u>65,158,433</u>
LIABILITIES			
2110	825,346	-	8,877,088
2150	1,541,791	-	425
2160	5,634,071	-	-
2170	20,234	-	153
2180	8,070	-	-
2200	31,375	-	-
2300	-	-	-
2000	<u>8,060,887</u>	<u>-</u>	<u>8,877,666</u>
DEFERRED INFLOWS OF RESOURCES			
2601	783,736	243,560	-
2600	<u>783,736</u>	<u>243,560</u>	<u>-</u>
FUND BALANCES			
3430	209,845	-	-
Restricted for:			
3450	-	-	-
3470	-	-	56,280,767
3480	-	13,169,398	-
3490	7,871,589	-	-
Committed for:			
3545	-	-	-
3600	26,066,056	-	-
3000	<u>34,147,490</u>	<u>13,169,398</u>	<u>56,280,767</u>
4000	\$ <u>42,992,113</u>	\$ <u>13,412,958</u>	\$ <u>65,158,433</u>

The accompanying notes are an integral part of this financial statement.

211 ESEA I, A Improving Basic Program	282 ESSER III	Other Funds	Total Governmental Funds
\$ 3,252,584	\$ -	\$ 4,538,480	\$ 109,974,894
-	-	-	2,590,897
-	-	-	(1,269,408)
628,458	3,345,451	2,032,880	15,515,543
-	-	217,508	8,556,819
-	-	-	275
-	-	141,900	141,900
-	-	-	209,845
<u>3,881,042</u>	<u>3,345,451</u>	<u>6,930,768</u>	<u>135,720,765</u>
6,419	-	39,803	9,748,656
13,404	20,322	82,280	1,658,222
235,676	357,675	451,969	6,679,391
3,625,543	2,967,454	1,943,435	8,556,819
-	-	12,296	20,366
-	-	-	31,375
-	-	90,455	90,455
<u>3,881,042</u>	<u>3,345,451</u>	<u>2,620,238</u>	<u>26,785,284</u>
-	-	-	1,027,296
-	-	-	1,027,296
-	-	-	209,845
-	-	3,621,124	3,621,124
-	-	-	56,280,767
-	-	-	13,169,398
-	-	-	7,871,589
-	-	689,406	689,406
-	-	-	26,066,056
<u>-</u>	<u>-</u>	<u>4,310,530</u>	<u>107,908,185</u>
<u>\$ 3,881,042</u>	<u>\$ 3,345,451</u>	<u>\$ 6,930,768</u>	<u>\$ 135,720,765</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total fund balances - governmental funds	\$ 107,908,185
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable and retainage payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	35,545,064
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.	(35,586,542)
3 Included in the items related to debt is the recognition of the District's proportionate share of net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$6,587,114, a deferred resource inflow in the amount of \$12,032,885, and a net pension liability in the amount of \$10,276,576. This resulted in a decrease to net position.	(15,722,347)
4 Included in the items related to debt is the recognition of the District's proportionate share of net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$4,661,117, a deferred resource inflow in the amount of \$14,818,637, and a net OPEB liability in the amount of \$21,153,105. This resulted in a decrease to net position.	(31,310,625)
5 The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(7,071,410)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes and grants as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(<u>445,376</u>)
19 Net position of governmental activities	\$ <u>53,316,949</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		10	50 Debt Service Fund	60 Capital Projects
		<u>General</u>	<u>Fund</u>	<u>Projects</u>
REVENUES				
5700	Local and intermediate sources	\$ 33,287,551	\$ 14,580,793	\$ 122,133
5800	State programs	37,146,849	56,446	-
5900	Federal programs	867,653	-	-
5020	Total revenues	<u>71,302,053</u>	<u>14,637,239</u>	<u>122,133</u>
EXPENDITURES				
Current:				
0011	Instruction	39,560,256	-	164,303
0012	Instructional resources and media services	546,401	-	-
0013	Curriculum and staff development	1,674,522	-	-
0021	Instructional leadership	1,543,522	-	-
0023	School leadership	3,998,877	-	-
0031	Guidance, counseling, and evaluation services	1,715,387	-	-
0032	Social work	3,638	-	-
0033	Health services	837,716	-	-
0034	Student transportation	3,655,611	-	-
0035	Food service	96,124	-	-
0036	Extracurricular activities	2,303,212	-	-
0041	General administration	2,237,134	-	174,553
0051	Facilities maintenance and operations	8,090,070	-	245,915
0052	Security and monitoring services	469,494	-	-
0053	Data processing services	1,338,304	-	287,045
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	-	8,200,000	-
0072	Interest on long-term debt	-	6,645,922	-
0073	Bond issuance costs and fees	-	3,110	611,601
Capital outlay				
0081	Facilities acquisition and construction	121,978	-	20,557,538
Intergovernmental:				
0093	Payments to fiscal agent/member districts of SSA	94,239	-	-
0099	Other intergovernmental charges	562,237	-	-
6030	Total expenditures	<u>68,848,722</u>	<u>14,849,032</u>	<u>22,040,955</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,453,331</u>	<u>(211,793)</u>	<u>(21,918,822)</u>
OTHER FINANCING SOURCES (USES)				
7911	Issuance of bonds	-	-	63,600,000
7912	Sale of real or personal property	2,510	-	-
7916	Premium on issuance of bonds	-	-	5,285,850
7080	Total other financing sources (uses)	<u>2,510</u>	<u>-</u>	<u>68,885,850</u>
1200	NET CHANGE IN FUND BALANCES	<u>2,455,841</u>	<u>(211,793)</u>	<u>46,967,028</u>
0100	FUND BALANCES, BEGINNING	<u>31,691,649</u>	<u>13,381,191</u>	<u>9,313,739</u>
3000	FUND BALANCES, ENDING	<u>\$ 34,147,490</u>	<u>\$ 13,169,398</u>	<u>\$ 56,280,767</u>

The accompanying notes are an integral part of this financial statement.

211 ESEA I, A Improving Basic Program	282 ESSER III	Other Governmental	98 Total Governmental Funds
\$ -	-	\$ 1,051,036	\$ 49,041,513
-	-	334,932	37,538,227
<u>1,594,616</u>	<u>3,058,344</u>	<u>10,410,912</u>	<u>15,931,525</u>
<u>1,594,616</u>	<u>3,058,344</u>	<u>11,796,880</u>	<u>102,511,265</u>
1,537,197	2,208,835	4,655,001	48,125,592
-	-	2,124	548,525
400	45,100	178,733	1,898,755
-	-	615	1,544,137
4,338	800	20,818	4,024,833
-	232,117	881,722	2,829,226
1,953	571,492	50	577,133
10,902	-	2,821	851,439
35,526	-	5,197	3,696,334
-	-	4,134,170	4,230,294
-	-	494,429	2,797,641
-	-	-	2,411,687
-	-	34,001	8,369,986
-	-	7,270	476,764
-	-	-	1,625,349
4,300	-	-	4,300
-	-	-	8,200,000
-	-	-	6,645,922
-	-	-	614,711
-	-	-	20,679,516
-	-	-	94,239
-	-	-	562,237
<u>1,594,616</u>	<u>3,058,344</u>	<u>10,416,951</u>	<u>120,808,620</u>
-	-	<u>1,379,929</u>	<u>(18,297,355)</u>
-	-	-	63,600,000
-	-	15,390	17,900
-	-	-	5,285,850
-	-	<u>15,390</u>	<u>68,903,750</u>
-	-	<u>1,395,319</u>	<u>50,606,395</u>
-	-	<u>2,915,211</u>	<u>57,301,790</u>
\$ -	\$ -	\$ <u>4,310,530</u>	\$ <u>107,908,185</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ 50,606,395
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase to change in net position.	(35,517,207)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(7,071,410)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,744,778. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$1,402,552. Finally, the proportionate share of the TRS pension expense in the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$725,195. The net result is a decrease in the change in net position.	1,067,421
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$398,869. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$355,795. Finally, the proportionate share of the TRS OPEB expense in the plan as a whole had to be recorded. The net OPEB expense decreased the change in net position by \$979,543. The net result is a decrease in the change in net position.	1,022,617
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	<u>604,412</u>
Change in net position of governmental activities	\$ <u>10,712,228</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2022

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ <u>3,647,168</u>	\$ <u>377,769</u>
Total assets	<u>3,647,168</u>	<u>377,769</u>
LIABILITIES		
Accounts payable	<u>-</u>	<u>299,070</u>
Total liabilities	<u>-</u>	<u>299,070</u>
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	<u>3,647,168</u>	<u>78,699</u>
Total net position	<u>\$ 3,647,168</u>	<u>\$ 78,699</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Fund</u>
ADDITIONS		
Contributions:		
Other	\$ <u>16,789</u>	\$ <u>-</u>
Total contributions	<u>16,789</u>	<u>-</u>
Investment earnings:		
Interest, dividends, and other	<u>5,560</u>	<u>-</u>
Total investments earnings	<u>5,560</u>	<u>-</u>
Collections from student groups	<u>-</u>	<u>204,047</u>
Total additions	<u>22,349</u>	<u>204,047</u>
DEDUCTIONS		
Administrative expense	53,214	-
Payments on-behalf of student groups	<u>-</u>	<u>192,000</u>
Total deductions	<u>53,214</u>	<u>192,000</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>(30,865)</u>	<u>12,047</u>
NET POSITION, BEGINNING	<u>3,678,033</u>	<u>66,652</u>
NET POSITION, ENDING	\$ <u>3,647,168</u>	\$ <u>78,699</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The Board has responsibility and control over all activities related to public school education within the District. The District receives funds from local, state and federal sources and must comply with all the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GAAP. The Board has decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity.

The accounting policies of the District substantially comply with the rules prescribed by the Texas Education Agency's (the "TEA") Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

B. Basis of Presentation

The District prepares its financial statements in accordance with reporting practices prescribed by the Agency in the Resource Guide and the Governmental Accounting Standards Board.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) are prepared using the accrual basis of accounting and the information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants and other intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on charge for services. The District does not have business-type activities.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Certain indirect costs are also included in the program expense reported by individual functions and activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a given function or segment of the District, examples include tuition paid by students not residing in the District, school lunch charges, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a given function or segment, examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The District considers some governmental funds major and reports their financial condition and results of operations in separate columns.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported on a flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are include on the statement of net position.

All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally 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 fund balance.

The accounts of the Governmental Funds are maintained and the financial statements have been prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become measurable and available as net current assets. Substantially all revenues (state, federal and local property tax and interest revenues) are considered to be susceptible to accrual. Revenues from expenditure-driven grants are recognized when the expenditure is incurred. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized as expenditures when due.

Property tax revenues recorded in the General Fund and Debt Service Fund are recognized under the “susceptible to accrual” concept. This District generally considers property taxes as available if they are collected within 60 days of year-end. Property taxes received after the 60-day period are not considered available and, therefore, are recorded as deferred inflow of resources in the Governmental Funds Balance Sheet totaling \$783,736 in the General Fund and \$243,560 in the Debt Service Fund. Grant revenues are recognized when expenditures are made. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available within 60 days of year-end.

The findings are reported using the economic resources measurement focus and the accrual basis of accounting.

E. Purpose of Funds

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts to reflect results of activities. Major individual governmental funds are reported as separate columns in the fund financial statements. The following funds are used by the District:

Major Governmental Funds

General Fund – The General Fund is the District’s primary operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs incurred by programs accounted for in the Special Revenue Funds, Debt Service Fund, Proprietary Fund, and Fiduciary Funds. The General Fund is a budgeted fund, and any fund balances are considered resources for current and future operations.

Debt Service Fund – The Debt Service Fund, which is a budgeted fund, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt. Revenues include property taxes collections, state funding under the Instructional Facilities and Existing Debt Allotments, and earned interest. The fund balance represents amounts that are available for retirement of future payments of principal, interest and fees.

Capital Projects Fund – This fund, which is an unbudgeted fund, is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

ESEA Part I, Improving Basic Programs- This fund is used to account for resources provided by the federal government which are required to be used to provide financial assistance to local educational agencies with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

ESSER III-Funds granted to local education agencies through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth to attend school and participate fully in school activities.

Non-major Governmental Funds

Special Revenue Funds – These funds are used to account for federal, state and locally financed programs where unused balances are generally returned to the grantor at the close of specified project periods. Proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects, are accounted for in a special revenue fund. Project accounting is employed to maintain integrity for the various sources of funds.

The District’s Food Service Fund (National Breakfast and Lunch Program) is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Breakfast and Lunch Program, (2) the General Fund subsidizes the Food Service Program for all expenditures in excess of the National Breakfast and Lunch Program, and (3) the District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes. This is a budgeted fund.

Fiduciary Funds

Private-purpose Trust Fund – This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

Fiduciary Funds – Custodial Fund — The District accounts for resources held for others in a custodial capacity in the Student Activity Fund.

F. Cash and Cash Equivalents

The District’s cash and cash equivalents are considered as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments for the District are reported at fair value.

G. Investments

Investments are recorded at fair value. Investments are considered as and classified as cash equivalents. Investments are primarily in FDIC insured investments, savings accounts and public funds money markets and are not significantly affected by impairment of the credit standing of the issues or other factors.

H. Receivables and Payables

Interfund activities result from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. The District did not have any transfers in or transfers out during the current fiscal year. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the government-wide statement of net position.

Delinquent property tax receivables are prorated between the General Fund and Debt Service Fund based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Other receivables and payables may include amounts due from local, state and federal agencies resulting from excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable.

I. Inventories and Prepaid Items

The District uses the consumption method to account for inventories of food products, school supplies, and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. In the General Fund, reported inventories are offset by a fund balance reserve. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayment in both government-wide and fund financial statements.

J. Interfund Activities

All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from other funds on the government-wide Statement of Net Position.

K. Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the applicable governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Buildings and improvements, furniture and equipment, and capital lease assets of the District are depreciated using the straight-line method over the following estimated lives:

<u>Asset Classification</u>	<u>Useful Lives</u>
Buildings and improvements	40
Furniture and equipment	5-15
Vehicles	5-10

Land and construction in progress are not depreciable.

L. Long-term Obligations

General obligation bonds which have been issued to fund the District’s capital projects are to be repaid from tax revenues of the District.

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding, will be recognized as a deferred outflow of resources and amortized to interest expense over the life of the bonds. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Deferred Outflows/Inflow of Resources

Deferred outflows and inflows of resources are reported in the financial statements as described below:

A deferred outflow of resources is a consumption of a government’s net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- 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, the results of differences between expected and actual economic experience, changes in actuarial assumptions, and changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. 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.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual economic experience, differences between projected and actual investment earnings, changes in actuarial assumptions, and changes in proportion and difference between the employer’s contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had two items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions.

N. Categories and Classifications of Fund Balance and Net Position

In accordance with GASB 54 which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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

Net investment in capital assets - the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for federal and state programs – the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for capital projects – funds that have been assigned for future expenditures for equipment.

Restricted for campus activities – funds that have been committed solely for the use by various campuses within the District.

Restricted for other purposes – funds that have been designated by the District to classify locally funded grants. The District does not have funds restricted for other purposes.

Unrestricted net position - the difference between the assets and liabilities that are not reported in net investment in capital assets or restricted net position.

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

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Governmental Fund Financial Statements – In the fund financial statements, government funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable fund balance – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items.

Spendable fund balance – Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

Restricted fund balance – the component of the spendable fund balance constrained to a specific purpose by a provider, such as creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, long-term debt service, and other restrictions.

Committed fund balance – the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes funds for campus activity funds.

Assigned fund balance – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is a specific purpose that is narrower than the general purposes of the District itself.

Unassigned fund balance – is the residual classification of the General Fund and includes all amounts not contained in other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures. Only the General Fund will have unassigned amounts. By accounting for amounts in other funds, the District has implicitly assigned the funds for purposes of those particular funds.

The District does not have a minimum fund balance policy. The District does have an informal policy to have a minimum of 25% of annual expenditures.

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

O. 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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as into the next fiscal year. It is at least reasonably possible that the foundation revenue for the fiscal year will ultimately change from the amount calculated as of June 30, 2022 because of the factors that TEA uses in its calculations.

P. Defined Benefit Pension Plan

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

Q. Other Post-Employment Benefit Plans

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.

R. Data Control Codes

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

II. DETAILED NOTES ON ALL FUNDS

A. Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved pledged 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 depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Since the District complies with this law, it has no custodial credit risk for deposits.

The District's cash and cash equivalents, considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The District's cash deposits at June 30, 2022, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The following investments are considered as cash equivalents:

Investment/Rating	Carrying Amount	Reported Value	Percentage of Investments	Weighted Average Maturity (Days)
TexStar/AAAm	\$ 107,581,752	\$ 107,581,752	99.83%	35
TexPool/AAAm	26,120	26,120	0.02%	23
Lone Star/AAAm	152,652	152,652	0.14%	12
Totals	<u>\$ 107,760,524</u>	<u>\$ 107,760,524</u>	<u>100.00%</u>	
Portfolio weighted average maturity				35

The District does not have any cash or cash equivalents in foreign currency; therefore, there is no foreign currency risk.

The TexStar, TexPool, and Lone Star pools each have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of returns, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. The District maintains an investment policy which authorizes the District to invest in obligations of U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements and the State Treasurer's investment pool or similar public investment pools. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

Custodial Credit Risk – Investments - For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's investment are not exposed to custodial risk. External investment pools are not subject custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. District investments are not exposed to custodial credit risk.

Credit Risk – This is the risk that a security issuer may default on an interest or principal payment. State law limits investment in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). 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, or by investing in public fund investment pools rated no lower than AAA or AAAM.

Interest-rate Risk – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District's investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

Concentration of Credit Risk – This type of risk is defined as positions of 5 percent or more in securities of a single issuer. The District is not exposed to concentration of credit risk because the investment portfolio mainly consists of external investment pools.

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

B. Property Taxes

Property taxes are levied by October 1 and are due and payable at that time. The Board establishes the District’s property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2021, were \$.9942 and \$0.4544 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$3,208,271,089.

The legally authorized tax rate limit for the District is \$.9942 per \$100 assessed valuation for maintenance and operations. On January 1 of each year, a tax lien attaches to property to secure the payment of penalties imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to collect during the 60-day period after the close of the District’s fiscal year.

Delinquent taxes are prorated between the General Fund and Debt Service Fund based rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes.

Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2022 are as follows:

	<u>Property Taxes - Delinquent</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Unavailable Revenue - Property Taxes</u>
General Fund	\$ 1,976,625	\$(968,446)	\$(783,736)
Debt Service Fund	<u>614,272</u>	<u>(300,962)</u>	<u>(243,560)</u>
Totals	<u>\$ 2,590,897</u>	<u>\$(1,269,408)</u>	<u>\$(1,027,296)</u>

Current tax collections for the levy year ended June 30, 2022 were 98.09% of the year-end adjusted tax levy.

Uncollectible personal property taxes are periodically reviewed and written off by the District. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The District has an agreement with Johnson County Tax Office (“County”) whereby the County bills and collects the District’s property taxes.

C. Disaggregation of Receivables and Payables

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of June 30, 2022.

D. Receivables from Other Governments

Receivables from other governments, as of June 30, 2022, are as follow:

	Due from State
General Fund	\$ 9,508,754
ESEA I, A - Improving Basic Programs	628,458
ESSER Grant III	3,345,451
Special Revenue Funds:	
Summer Food Service Program	32,284
IDEA - Part B Formula	346,429
IDEA - Part B Preschool	12,257
Career and Technical - Basic Grant	13,999
ESEA II, A - Training & Recruiting	86,160
Title III, A - English Language Acquisition	61,897
ESSER Grant II	959,220
IDEA B Preschool ARRA	236,142
ESEA I, A Improving Basic Programs	3,954
Other Federal Special Funds	250,621
Other State Special Revenue Funds	5,160
Advanced Placement Incentives	7,750
State Textbook Fund	17,007
Total Special Revenue Funds	<u>2,032,880</u>
Total receivables from other governments	<u>\$ 15,515,543</u>

E. Interfund Receivables and Payables

The following is a summary of amounts due to and due from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	ESEA I, A fund	\$ 3,625,543
General fund	Nonmajor governmental funds	1,505,927
General fund	Capital projects fund	153
General fund	ESSER III	2,967,454
Capital Projects	Nonmajor governmental funds	220,000
Debt service fund	General fund	20,234
Nonmajor governmental funds	Nonmajor governmental funds	<u>217,508</u>
Totals		<u>\$ 8,556,819</u>

Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

F. Capital Asset Activity

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,101,047	\$ -	\$ -	\$ 4,101,047
Construction in progress	-	20,773,526	-	20,773,526
Total capital assets, not being depreciated	<u>4,101,047</u>	<u>20,773,526</u>	<u>-</u>	<u>24,874,573</u>
Capital assets, being depreciated:				
Buildings and improvements	239,085,557	815,570	-	239,901,127
Furniture and equipment	18,200,205	4,490,937	107,987	22,583,155
Total capital assets, being depreciated	<u>257,285,762</u>	<u>5,306,507</u>	<u>107,987</u>	<u>262,484,282</u>
Less accumulated depreciation for:				
Buildings and improvements	67,086,323	5,420,268	-	72,506,591
Furniture and equipment	13,811,133	1,651,142	106,180	15,356,095
Total accumulated depreciation	<u>80,897,456</u>	<u>7,071,410</u>	<u>106,180</u>	<u>87,862,686</u>
Governmental activities capital assets, net	<u>\$ 180,489,353</u>	<u>\$ 19,008,623</u>	<u>\$ 1,807</u>	<u>\$ 199,496,169</u>

Depreciation expense was charged to governmental functions of the District as follows:

Governmental activities:	
11 - Instruction	\$ 1,506,000
13 - Curriculum and Staff Development	17,653
21 - Instructional Leadership	859
34 - Student (Pupil) Transportation	377,465
35 - Food Services	142,994
36 - Extracurricular Activities	300,381
41 - General Administration	37,111
51 - Plant Maintenance & Operations	2,399,230
52 - Security & Monitoring Services	1,527,365
53 - Data Processing Services	762,352
Total Depreciation Expense	<u>\$ 7,071,410</u>

G. Long-Term Debt

Long-term debt of the District is comprised of bonds payable, accreted interest, premium on bonds, and retainage payable. Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings. Capital leases are paid from fund balance and future revenues of the General Fund.

The following is a summary of changes in long-term debt for government activities for the year ended June 30, 2022.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 120,269,126	\$ 63,600,000	\$ 8,200,000	\$ 175,669,126	\$ 7,225,000
Accreted interest	908,451	71,142	-	979,593	-
Premium on bonds	19,865,258	5,285,850	1,390,748	23,760,360	-
Retainage payable	<u>5,165,745</u>	<u>909,583</u>	<u>-</u>	<u>6,075,328</u>	<u>-</u>
Total long-term debt	<u>146,208,580</u>	<u>69,866,575</u>	<u>9,590,748</u>	<u>206,484,407</u>	<u>7,225,000</u>
Net pension liability	20,377,773	(8,379,127)	1,722,070	10,276,576	-
Net OPEB liability	<u>20,679,196</u>	<u>902,311</u>	<u>428,402</u>	<u>21,153,105</u>	<u>-</u>
Total long-term liabilities	<u>\$ 187,265,549</u>	<u>\$ 62,389,759</u>	<u>\$ 11,741,220</u>	<u>\$ 237,914,088</u>	<u>\$ 7,225,000</u>

H. Bonds Payable

Bonded indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

A summary of changes in general obligation bonds for the year ended June 30, 2022, are as follows:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balance	Accreted Interest/ Issued	Retired	Ending Balance	Amounts Due Within One Year
Series 2012 UTSB Bonds/ 2018	1.40%/ 3.00%	\$ 8,659,995	\$ 3,805,000	\$ -	\$ 1,185,000	\$ 2,620,000	\$ 1,220,000
Series 2014 UTR	2.00%/						
Bonds/2029	3.69%	8,622,083	535,000	-		535,000	-
Principal on CAB		-	2,012,083	-	-	2,012,083	-
Premium on CAB		-	1,057,043	-	-	1,057,043	-
Accreted Interest on CAB		-	908,451	71,142	-	979,593	-
Series 2015 UTR	1.00%/						
Bonds/2031	5.00%	12,740,000	10,895,000	-	280,000	10,615,000	370,000
Series 2016 UTSB Bonds/ 2041	2.00%/ 5.00%	108,975,000	101,965,000	-	1,950,000	100,015,000	2,060,000
Series 2021 UTSB Bonds/ 2046	3.00%/ 5.00%	63,600,000	-	63,600,000	4,785,000	58,815,000	3,575,000
Total			\$ 121,177,577	\$ 63,671,142	\$ 8,200,000	\$ 176,648,719	\$ 7,225,000

The following is a summary of the District’s future annual debt service requirements to maturity for general obligation bonds.

Year Ended June 30	Principal	Interest	Total Requirements
2023	7,225,000	7,211,075	14,436,075
2024	4,100,000	6,881,625	10,981,625
2025	4,360,000	6,686,550	11,046,550
2026	4,625,000	6,470,200	11,095,200
2027	4,860,000	6,268,300	11,128,300
2028-2032	27,860,000	28,736,300	56,596,300
2033-2037	36,490,000	21,893,200	58,383,200
2038-2042	46,780,000	12,107,400	58,887,400
2043-2046	41,310,000	3,153,000	44,463,000
	<u>177,610,000</u>	<u>\$ 99,407,650</u>	<u>\$ 277,017,650</u>
Less: accreted interest on bonds	<u>961,281</u>		
Par value of bonds outstanding	<u>\$ 176,648,719</u>		

In July 2022, the District issued \$63,600,000 of unlimited tax school building bonds to fund various capital projects. The interest rate on the bonds is between 3.0%-5.0% and the maturity date is February 15, 2041.

A portion of the bonds sold in the Series 2014A bond issues were premium capital appreciation bonds. These obligations have par values of \$3,069,126 and maturity values of \$5,010,000. The interest on these obligations will be paid upon maturity in fiscal years ending June 30, 2027 through 2029. The accreted value of these bonds at June 30, 2022, is \$4,048,719 which has been recorded in the government-wide financial statements.

Interest and fees paid on general obligation bonds during the year was \$6,645,922.

There are numerous limitations and restrictions contained in the various general obligation bond indentures. The District has complied with all significant limitations and restrictions as of June 30, 2022.

The District’s outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund.

Prior Year Defeasances of Debt

In prior years, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On June 30, 2022, the District had no bonds considered defeased and outstanding.

I. Unearned Revenues

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities. A summary of unearned revenues by fund follows:

Special Revenue Fund:	
National Breakfast & Lunch Program - commodity inventory	\$ <u>90,455</u>
Total	\$ <u>90,455</u>

J. Employee Benefits

1. **Compensated Absences**

Employees of the District are entitled to personal leave based on category/class of employment. Personal leave is allowed to accumulate but does not vest. Therefore, a liability for unused personal leave has not been recorded in the financial statements.

2. **Defined Benefit Pension Plan**

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; 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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description 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.

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Current fiscal year employer contributions		\$ 2,026,831
Current fiscal year member contributions		4,273,905
2021 measurement year NECE on-behalf contributions		2,724,202

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1. percent of the member's salary beginning in fiscal year 202, 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 total pension liability in the August 31, 2020 actuarial valuation rolled forward to August 31, 2021 was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Investment Rate of Return	7.25%
Payroll Growth Rate	3.00%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

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

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

The long-term rate of return on pension plan investments in 7.25 percent. 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, 2021.

Asset Class ¹	Target Allocation ²	Long-Term Expected Arithmetic Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy and Natural Resources and Commodities	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation	-	-	2.20%
Volatility Drag ⁴	-	-	-0.95%
Total	100.00%	-	6.90%

¹ Absolute Return includes Credit Sensitive Investments

² Target allocations are based on the FY2021 policy model.

³ Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 22,455,950	\$ 10,276,576	\$ 395,407

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District's liability was \$10,276,576 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 10,276,576
State's proportionate share that is associated with District	<u>16,256,868</u>
Total	<u>\$ 26,533,444</u>

The net pension liability was measured as of August 31, 2021 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, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0403533733% which was an increase of 0.0023052975% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation. There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2022, the District recognized pension expense of \$742,350 and revenue of \$64,993 for support provided by the State.

At June 30, 2022, the District's 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
Difference between expected and actual actuarial experiences	\$ 17,198	\$ 723,479
Changes in actuarial assumptions	3,632,569	1,583,489
Difference between projected and actual investment earnings	-	8,616,776
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,192,569	1,109,141
Contributions paid to TRS subsequent to the measurement date	<u>1,744,778</u>	<u>-</u>
Total	<u>\$ 6,587,114</u>	<u>\$ 12,032,885</u>

The \$1,744,778 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 ended June 30, 2023. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2023	\$(1,259,740)
2024	(1,335,568)
2025	(2,035,374)
2026	(2,633,325)
2027	40,575
Thereafter	32,883

3. Defined Other Post-Employment Benefit Plans

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. 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 Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

	TRS-Care Monthly Premium Rates	
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

* or surviving spouse

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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2021	2022
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%
Current fiscal year employer contributions		\$ 470,891
Current fiscal year member contributions		353,801
2021 measurement year NECE on-behalf contributions		573,963

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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. 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. 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases**	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.30% to 8.80%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate. A single discount rate of 1.95 percent was used to measure the total OPEB liability. There was an decrease of .38 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of the net OPEB liability:	\$ 25,515,519	\$ 21,153,105	\$ 17,719,744

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2022, the District reported a liability of \$21,153,105 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB obligation	\$ 21,153,105
State's proportionate share that is associated with the District	<u>28,340,447</u>
Total	<u>\$ 49,493,552</u>

The net OPEB Liability was measured as of August 31, 2021 and the Total OPEB Liability used to calculate the net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.0548370624% which was a increase of .0004389056% from its proportion measured as of August 31, 2020.

Healthcare Cost Trend Rates Sensitivity Analysis. 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 assumed rate is used.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability:	\$ 17,133,314	\$ 21,153,105	\$ 26,546,666

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

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the total OPEB liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$ 1,669,727.

At June 30, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 910,741	\$ 10,239,583
Changes in actuarial assumptions	2,342,955	4,473,490
Difference between projected and actual investment earnings	22,965	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	985,587	105,564
Contributions paid to TRS subsequent to the measurement date	<u>398,869</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 4,661,117</u>	<u>\$ 14,818,637</u>

The \$398,869 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>OPEB Expense Amount</u>
2022	\$ (2,073,581)
2023	(2,074,099)
2024	(2,073,957)
2025	(1,517,152)
2026	(763,333)
Thereafter	(2,054,267)

For the year ended June 30, 2022, the District recognized OPEB expense of \$(1,669,727) and revenue of \$(1,045,979) for support provided by the State.

4. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in actuarial assumptions within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in a decrease to revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	<u>Operating Grants and Contributions</u>	<u>Negative On-Behalf Accruals</u>	<u>Operating Grants and Contributions (excluding on- behalf accruals)</u>
11 - Instruction	\$ 8,324,581	\$ (128,014)	\$ 8,249,388
12 - Instructional resources and media services	(5,783)	(1,475)	(7,258)
13 - Curriculum and staff development	199,518	(3,554)	195,964
21 - Instructional leadership	12,400	(3,729)	8,671
23 - School leadership	(31,426)	(12,255)	(43,681)
31 - Guidance, counseling, and evaluation services	960,594	(7,273)	953,321
32 - Social work services	234,070	-	234,070
33 - Health services	581,873	(2,400)	579,473
34 - Student transportation	11,544	(4,756)	6,788
35 - Food service	5,217,653	(5,351)	5,212,302
36 - Extracurricular activities	(18,168)	(4,511)	(22,679)
41 - General administration	(22,524)	(5,638)	(28,162)
51 - Facilities and maintenance and operations	(11,159)	(11,337)	(22,496)
52 - Security and monitoring services	10,000	(2,283)	7,717
53 - Data processing services	(9,118)	(373)	(9,491)
61 - Community services	4,300	-	4,300
72 - Interest on long-term debt	56,446	-	56,446
93 - Payments related to SSA	9,989	-	9,989
	<u>\$ 15,524,790</u>	<u>\$ (192,949)</u>	<u>\$ 15,384,662</u>

5. Medicare Part D Coverage

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, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on-behalf of the District were \$224,870, \$241,666, and \$204,265 respectively. The information for the year ended June 30, 2022 is an estimate provided by the Teachers Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

6. Active Employee Health Care Coverage

During the period ended June 30, 2022, employees of the District were covered by a state-wide health care plan, TRS Active Care. The District's participation in this plan is renewable annually. The District paid into the Plan \$225 per month per employee. Employees, at their option, pay premiums for any coverage above these amounts as well as for dependent coverage.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us.

7. Workers' Compensation Program

During the year, the District met its statutory workers' compensation obligations through participation in the Texas Association of School Boards ("TASB") Risk Management Fund (the "Fund"). The Fund was created and is operated under the provision of the Inter-local Cooperation Act, Chapter 491 of the Texas Governmental Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

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

The following is the District's estimated outstanding liability as of June 30, 2022:

Fund Year	Claim Count at 2/28/2022	Aggregate Liability	Estimated Paid Loss & ALAE at 6/30/2022	Selected Ultimate Loss & ALAE	District Net Retained Loss * ALAE 6/30/2022
2010-11	85	\$ 265,327	\$ 399,504	\$ 265,327	\$ -
2011-12	75	242,343	321,903	242,343	-
2012-13	68	283,333	373,798	283,333	-
2013-14	58	249,811	94,083	94,083	-
2014-15	76	251,862	260,558	251,862	-
2015-16	90	254,622	160,008	160,008	-
2016-17	100	261,948	171,530	171,530	-

K. Commitments and Contingencies

State and Federal Grants

Minimum foundation funding received from TEA is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for Food Service under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the United States Department of Agriculture ("USDA"). Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies. These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

L. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the current fiscal year, the District purchased 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.

M. Related Party Transactions

In fiscal year 2022, the District entered into transactions with multiple vendors in which members of the Board of Trustees had a material interest. The board members disclosed this interest in accordance with HB 23. Further, the board members abstained from voting when the Board of Trustees approved the contracts and payments to the vendor. The total payments to these vendors in 2022 was \$16,283.

N. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statement which becomes effective in the next two fiscal years:

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, Subscription-Based Information Technology Arrangements - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 31,470,319	\$ 31,470,319	\$ 33,287,551	\$ 1,817,232
5800	State programs	34,807,886	34,807,886	37,146,849	2,338,963
5900	Federal programs	445,000	445,000	867,653	422,653
5020	Total revenues	<u>66,723,205</u>	<u>66,723,205</u>	<u>71,302,053</u>	<u>4,578,848</u>
EXPENDITURES					
Current:					
0011	Instruction	42,792,101	41,567,342	39,560,256	2,007,086
0012	Instructional resources and media sources	552,320	623,503	546,401	77,102
0013	Curriculum and staff development	1,720,712	1,813,074	1,674,522	138,552
0021	Instructional leadership	1,397,421	1,682,311	1,543,522	138,789
0023	School leadership	4,084,386	4,121,201	3,998,877	122,324
0031	Guidance, counseling, and evaluation services	1,681,256	1,758,465	1,715,387	43,078
0032	Social work services	-	57,942	3,638	54,304
0033	Health services	859,696	894,312	837,716	56,596
0034	Student transportation	2,515,738	3,800,226	3,655,611	144,615
0035	Food service	89,806	109,806	96,124	13,682
0036	Extracurricular activities	2,458,331	2,477,954	2,303,212	174,742
0041	General administration	2,485,802	2,385,802	2,237,134	148,668
0051	Facilities maintenance and operations	9,090,076	9,475,273	8,090,070	1,385,203
0052	Security and monitoring services	552,316	607,136	469,494	137,642
0053	Data processing services	1,657,285	1,657,285	1,338,304	318,981
0081	Facilities acquisition and construction	40,859	306,587	121,978	184,609
Intergovernmental:					
Payments related to					
0093	shared services arrangements	124,000	119,000	94,239	24,761
0095	Payments to Juvenile Justice Alternative Education Programs	12,640	12,640	-	12,640
0099	Other governmental charges	560,000	625,000	562,237	62,763
6030	Total expenditures	<u>72,674,745</u>	<u>74,094,859</u>	<u>68,848,722</u>	<u>5,246,137</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,951,540)</u>	<u>(7,371,654)</u>	<u>2,453,331</u>	<u>(667,289)</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of real or personal property	-	-	2,510	2,510
7080	Total other financing sources (uses)	-	-	2,510	2,510
1200	NET CHANGE IN FUND BALANCES	<u>(5,951,540)</u>	<u>(7,371,654)</u>	<u>2,455,841</u>	<u>(664,779)</u>
0100	FUND BALANCES, BEGINNING	<u>31,691,649</u>	<u>31,691,649</u>	<u>31,691,649</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 25,740,109</u>	<u>\$ 24,319,995</u>	<u>\$ 34,147,490</u>	<u>\$ 9,827,495</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2022

Measurement Year Ended August 31,	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	0.0403534%	0.0380481%
District's proportionate share of the net pension liability (asset)	\$ 10,276,576	\$ 20,377,773
State's proportionate share of the net pension liability (asset) associated with the District	<u>16,256,868</u>	<u>34,159,405</u>
Total	<u>\$ 26,533,444</u>	<u>\$ 54,537,178</u>
District's covered payroll	\$ 50,242,549	\$ 48,217,577
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.45%	42.26%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0410204%	0.0415220%	0.0398100%	0.0411719%	0.0419954%	0.0258296%
\$ 21,323,709	\$ 22,854,731	\$ 12,729,108	\$ 15,558,267	\$ 14,844,815	\$ 6,899,443
<u>30,886,662</u>	<u>32,700,255</u>	<u>19,670,350</u>	<u>22,945,963</u>	<u>22,040,794</u>	<u>19,174,424</u>
\$ <u>52,210,371</u>	\$ <u>55,554,986</u>	\$ <u>32,399,458</u>	\$ <u>38,504,230</u>	\$ <u>36,885,609</u>	\$ <u>26,073,867</u>
\$ 44,710,811	\$ 42,903,204	\$ 41,211,496	\$ 39,874,564	\$ 38,197,429	\$ 35,778,661
47.69%	53.27%	30.89%	39.02%	38.86%	19.28%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

CLEBURNE INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year Ended June 30,	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,026,831	\$ 1,626,348
Contributions in relation to the contractually required contribution	<u>(2,026,831)</u>	<u>(1,626,550)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>(202)</u>
District's covered payroll	\$ 53,423,807	\$ 50,190,821
Contribution as a percentage of covered payroll	3.79%	3.24%

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

* During the fiscal year 2017, the District changed its fiscal year to June 30. This represents ten months of data.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017*</u>	<u>2016</u>	<u>2015</u>
\$ 1,587,204	\$ 1,429,796	\$ 1,390,972	\$ 1,093,347	\$ 1,231,658	\$ 1,149,892
(1,587,204)	(1,429,796)	(1,390,972)	(1,093,347)	(1,231,658)	(1,149,892)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 47,578,461	\$ 44,316,256	\$ 42,618,117	\$ 34,301,830	\$ 39,874,564	\$ 38,197,429
3.34%	3.23%	3.26%	3.19%	3.09%	3.01%

CLEBURNE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2022

Measurement Year Ended August 31,	<u>2021</u>	<u>2020</u>
District's Proportion of the Net OPEB Liability (Asset)	0.0548371%	0.0543982%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 21,153,105	\$ 20,679,196
States Proportionate Share of the Net OPEB Liability (Asset) associated with the District	<u>28,340,447</u>	<u>27,787,882</u>
Total	<u>\$ 49,493,552</u>	<u>\$ 48,467,078</u>
District's Covered Employee Payroll	\$ 50,839,476	\$ 48,217,577
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	41.61%	42.89%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	6.18%	4.99%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.0546130%	0.0542483%	0.0525196%
\$ 25,827,148	\$ 27,086,692	\$ 22,838,805
<u>34,318,503</u>	<u>35,883,144</u>	<u>31,519,770</u>
\$ <u>60,145,651</u>	\$ <u>62,969,836</u>	\$ <u>54,358,575</u>
\$ 44,710,811	\$ 42,903,204	\$ 41,211,496
57.76%	63.13%	55.42%
2.66%	1.57%	0.91%

CLEBURNE INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year Ended June 30,	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 470,891	\$ 423,852
Contribution in Relation to the Contractually Required Contribution	(470,891)	(423,535)
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>317</u>
District's Covered Employee Payroll	\$ 54,430,892	\$ 50,465,151
Contributions as a percentage of Covered Employee Payroll	0.87%	0.84%

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

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 409,698	\$ 381,556	\$ 358,248
(409,698)	(381,556)	(358,248)
\$ -	\$ -	\$ -
\$ 47,578,461	\$ 44,316,256	\$ 42,618,117
0.86%	0.86%	0.84%

CLEBURNE INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program and the Debt Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The general fund budget report appears in Exhibit G-1 "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund" and the other two reports are in Exhibit J-5 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Program" and J-6 "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund."

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

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can be amended at the function and fund level by approval of a majority of the members of the Board. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustments of operating costs; and year-end adjustments to expenditures based on the latest information concerning operating cost. All budget appropriations lapse at year-end.

COMBINING SCHEDULES

CLEBURNE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 3,832,651	\$ -	\$ -
Due from other governments	346,429	12,257	32,284	13,999	86,160
Due from other funds	203,206	3,653	-	-	-
Inventories	-	-	141,900	-	-
Total assets	<u>549,635</u>	<u>15,910</u>	<u>4,006,835</u>	<u>13,999</u>	<u>86,160</u>
LIABILITIES					
Accounts payable	-	-	25,973	-	-
Payroll deductions and withholdings payable	9,434	149	69,685	-	1,210
Accrued wages payable	186,783	5,854	201,954	-	30,249
Due to other funds	353,418	9,907	4,999	13,999	54,701
Due to other governments	-	-	-	-	-
Unearned revenues	-	-	90,455	-	-
Total liabilities	<u>549,635</u>	<u>15,910</u>	<u>393,066</u>	<u>13,999</u>	<u>86,160</u>
FUND BALANCES					
Restricted for:					
Federal and state programs	-	-	3,613,769	-	-
Committed for:					
Other committed fund balance	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>3,613,769</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 549,635</u>	<u>\$ 15,910</u>	<u>\$ 4,006,835</u>	<u>\$ 13,999</u>	<u>\$ 86,160</u>

263 Title III, A English Lang. Acquisition	281 ESSER II Grant Fund	284 IDEA B, ARRA	285 IDEA B, Preschool ARRA	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61,897	959,220	236,142	3,954	250,621	7,750	17,007
-	-	-	-	1,453	9,109	-
-	-	-	-	-	-	-
<u>61,897</u>	<u>959,220</u>	<u>236,142</u>	<u>3,954</u>	<u>252,074</u>	<u>16,859</u>	<u>17,007</u>
-	-	-	-	-	450	-
993	-	574	-	-	-	-
21,999	-	5,130	-	-	-	-
38,905	959,220	230,438	3,954	252,074	16,409	5,411
-	-	-	-	-	-	11,596
-	-	-	-	-	-	-
<u>61,897</u>	<u>959,220</u>	<u>236,142</u>	<u>3,954</u>	<u>252,074</u>	<u>16,859</u>	<u>17,007</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 61,897</u>	<u>\$ 959,220</u>	<u>\$ 236,142</u>	<u>\$ 3,954</u>	<u>\$ 252,074</u>	<u>\$ 16,859</u>	<u>\$ 17,007</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	429 Other State Special Awards	461 Campus Activity Funds	462 Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,895	\$ 702,928	\$ 6	\$ 4,538,480
Due from other governments	5,160	-	-	2,032,880
Due from other funds	-	87	-	217,508
Inventories	-	-	-	141,900
Total assets	<u>8,055</u>	<u>703,015</u>	<u>6</u>	<u>6,930,768</u>
LIABILITIES				
Accounts payable	-	13,380	-	39,803
Payroll deductions and withholdings payable	-	235	-	82,280
Accrued wages payable	-	-	-	451,969
Due to other funds	-	-	-	1,943,435
Due to other governments	700	-	-	12,296
Unearned revenues	-	-	-	90,455
Total liabilities	<u>700</u>	<u>13,615</u>	<u>-</u>	<u>2,620,238</u>
FUND BALANCES				
Restricted for:				
Federal and state programs	7,355	-	-	3,621,124
Committed for:				
Other committed fund balance	-	689,400	6	689,406
Total fund balances	<u>7,355</u>	<u>689,400</u>	<u>6</u>	<u>4,310,530</u>
Total liabilities and fund balances	<u>\$ 8,055</u>	<u>\$ 703,015</u>	<u>\$ 6</u>	<u>\$ 6,930,768</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting
REVENUES					
Local and intermediate sources	\$ -	\$ -	\$ 241,631	\$ -	\$ -
State programs	-	-	14,876	-	-
Federal programs	<u>1,265,115</u>	<u>37,450</u>	<u>5,242,786</u>	<u>100,758</u>	<u>220,887</u>
Total revenues	<u>1,265,115</u>	<u>37,450</u>	<u>5,499,293</u>	<u>100,758</u>	<u>220,887</u>
EXPENDITURES					
Current:					
Instruction	616,714	37,450	-	94,412	220,887
Instruction resources and media services	-	-	-	-	-
Curriculum and staff development	-	-	-	6,346	-
Instructional leadership	-	-	-	-	-
School leadership	-	-	-	-	-
Guidance, counseling and evaluation services	648,401	-	-	-	-
Social work	-	-	-	-	-
Health Services	-	-	-	-	-
Student transportation	-	-	-	-	-
Food service	-	-	4,134,170	-	-
Extracurricular activities	-	-	-	-	-
Facilities maintenance and operations	-	-	18,863	-	-
Securities and monitoring services	-	-	-	-	-
Total expenditures	<u>1,265,115</u>	<u>37,450</u>	<u>4,153,033</u>	<u>100,758</u>	<u>220,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,346,260	-	-
OTHER FINANCING SOURCES (USES)					
Sale of real or personal property	-	-	15,390	-	-
Total other financing sources (uses)	-	-	15,390	-	-
NET CHANGE IN FUND BALANCES	-	-	1,361,650	-	-
FUND BALANCES, BEGINNING	-	-	2,252,119	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ 3,613,769	\$ -	\$ -

263 Title III, A English Lang. Acquisition	281 ESSER II Grant Fund	284 IDEA- Part B Formula ARPA	285 IDEA - Part B, Preschool ARPA	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	7,750	297,080
<u>153,523</u>	<u>-</u>	<u>236,142</u>	<u>3,954</u>	<u>3,150,297</u>	<u>-</u>	<u>-</u>
<u>153,523</u>	<u>-</u>	<u>236,142</u>	<u>3,954</u>	<u>3,150,297</u>	<u>7,750</u>	<u>297,080</u>
-	-	-	3,954	3,123,528	-	297,080
-	-	-	-	-	-	-
153,523	-	-	-	11,114	7,750	-
-	-	-	-	615	-	-
-	-	-	-	-	-	-
-	-	233,321	-	-	-	-
-	-	-	-	50	-	-
-	-	2,821	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	14,990	-	-
-	-	-	-	-	-	-
<u>153,523</u>	<u>-</u>	<u>236,142</u>	<u>3,954</u>	<u>3,150,297</u>	<u>7,750</u>	<u>297,080</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	429 Other State Special Revenue Funds	461 Campus Activity Funds	462 Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES				
Local and intermediate sources	\$ -	\$ 809,405	\$ -	\$ 1,051,036
State programs	15,226	-	-	334,932
Federal programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,410,912</u>
Total revenues	<u>15,226</u>	<u>809,405</u>	<u>-</u>	<u>11,796,880</u>
EXPENDITURES				
Current:				
Instruction	3,747	257,229	-	4,655,001
Instruction resources and media services	-	2,124	-	2,124
Curriculum and staff development	-	-	-	178,733
Instructional leadership	-	-	-	615
School leadership	-	20,818	-	20,818
Guidance, counseling and evaluation services	-	-	-	881,722
Social work	-	-	-	50
Health Services	-	-	-	2,821
Student transportation	-	5,197	-	5,197
Food service	-	-	-	4,134,170
Extracurricular activities	-	494,429	-	494,429
Facilities maintenance and operations	-	148	-	34,001
Securities and monitoring services	<u>4,875</u>	<u>2,395</u>	<u>-</u>	<u>7,270</u>
Total expenditures	<u>8,622</u>	<u>782,340</u>	<u>-</u>	<u>10,416,951</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,604	27,065	-	1,379,929
OTHER FINANCING SOURCES (USES)				
Sale of real or personal property	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,390</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,390</u>
NET CHANGE IN FUND BALANCES	6,604	27,065	-	1,395,319
FUND BALANCES, BEGINNING	<u>751</u>	<u>662,335</u>	<u>6</u>	<u>2,915,211</u>
FUND BALANCES, ENDING	<u>\$ 7,355</u>	<u>\$ 689,400</u>	<u>\$ 6</u>	<u>\$ 4,310,530</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2022

	815 Nell Wiseman Neal Scholarship	816 Miscellaneous Scholarship Fund	818 Ball Snavelly Scholarship Fund	819 Pete Kendall Memorial Scholarship
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ <u>737,059</u>	\$ <u>155,921</u>	\$ <u>111,062</u>	\$ <u>19,436</u>
Total assets	<u>737,059</u>	<u>155,921</u>	<u>111,062</u>	<u>19,436</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for scholarships	<u>737,059</u>	<u>155,921</u>	<u>111,062</u>	<u>19,436</u>
Total net position	\$ <u><u>737,059</u></u>	\$ <u><u>155,921</u></u>	\$ <u><u>111,062</u></u>	\$ <u><u>19,436</u></u>

820 Matt Calder Scholarship Fund	821 Lynn Palmer Scholarship Fund	822 Class of '42 Scholarship Fund	823 Johnnie Hyde Scholarship Fund	824 Alumni Scholarship Fund	825 Gerard Scholarship Fund
\$ <u>19,761</u>	\$ <u>1,749</u>	\$ <u>698</u>	\$ <u>2,261</u>	\$ <u>1,683,132</u>	\$ <u>499,996</u>
<u>19,761</u>	<u>1,749</u>	<u>698</u>	<u>2,261</u>	<u>1,683,132</u>	<u>499,996</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>19,761</u>	<u>1,749</u>	<u>698</u>	<u>2,261</u>	<u>1,683,132</u>	<u>499,996</u>
<u>\$ 19,761</u>	<u>\$ 1,749</u>	<u>\$ 698</u>	<u>\$ 2,261</u>	<u>\$ 1,683,132</u>	<u>\$ 499,996</u>

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COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2022

	826 Green & Davis Scholarship Fund	827 Lucile Ball Scholarship Fund	828 F. Nooner Scholarship Fund	Total Private Purpose Trust Funds
ASSETS				
Cash and cash equivalents	\$ 230,501	\$ 180,182	\$ 5,410	\$ 3,647,168
Total assets	<u>230,501</u>	<u>180,182</u>	<u>5,410</u>	<u>3,647,168</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for scholarships	<u>230,501</u>	<u>180,182</u>	<u>5,410</u>	<u>3,647,168</u>
Total net position	<u>\$ 230,501</u>	<u>\$ 180,182</u>	<u>\$ 5,410</u>	<u>\$ 3,647,168</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	815 Nell Wiseman Neal Scholarship	816 Miscellaneous Scholarship Fund	818 Bell Snavely Scholarship Fund	819 Pete Kendall Memorial Scholarship
ADDITIONS				
Local and intermediate sources	\$ <u>110</u>	\$ <u>16,129</u>	\$ <u>226</u>	\$ <u>3</u>
Total additions	<u>110</u>	<u>16,129</u>	<u>226</u>	<u>3</u>
DEDUCTIONS				
Scholarships awarded	<u>6,750</u>	<u>11,500</u>	<u>1,000</u>	<u>-</u>
Total deductions	<u>6,750</u>	<u>11,500</u>	<u>1,000</u>	<u>-</u>
Change in net position	<u>(6,640)</u>	<u>4,629</u>	<u>(774)</u>	<u>3</u>
TOTAL NET POSITION - Beginning	<u>743,699</u>	<u>151,292</u>	<u>111,836</u>	<u>19,433</u>
TOTAL NET POSITION - Ending	\$ <u><u>737,059</u></u>	\$ <u><u>155,921</u></u>	\$ <u><u>111,062</u></u>	\$ <u><u>19,436</u></u>

820 Matt Calder Scholarship Fund	821 Lynn Palmer Scholarship Fund	822 Class of '42 Scholarship Fund	823 Johnnie Hyde Scholarship Fund	824 Alumni Scholarship Fund	825 Gerard Scholarship Fund
\$ <u>253</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>1</u>	\$ <u>3,790</u>	\$ <u>994</u>
<u>253</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>3,790</u>	<u>994</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,767</u>	<u>2,562</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,767</u>	<u>2,562</u>
<u>253</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>(24,977)</u>	<u>(1,568)</u>
<u>19,508</u>	<u>1,749</u>	<u>697</u>	<u>2,260</u>	<u>1,708,109</u>	<u>501,564</u>
\$ <u>19,761</u>	\$ <u>1,749</u>	\$ <u>698</u>	\$ <u>2,261</u>	\$ <u>1,683,132</u>	\$ <u>499,996</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-4

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

	826 Green & Davis Scholarship Fund	827 Lucile Ball Scholarship Fund	828 F. Nooner Scholarship Fund	Total Private Purpose Trust Funds
ADDITIONS				
Local and intermediate sources	\$ 469	\$ 371	\$ 2	\$ 22,349
Total additions	<u>469</u>	<u>371</u>	<u>2</u>	<u>22,349</u>
DEDUCTIONS				
Scholarships awarded	<u>2,625</u>	<u>10</u>	<u>-</u>	<u>53,214</u>
Total deductions	<u>2,625</u>	<u>10</u>	<u>-</u>	<u>53,214</u>
Change in net position	(2,156)	<u>361</u>	<u>2</u>	(30,865)
TOTAL NET POSITION - Beginning	<u>232,657</u>	<u>179,821</u>	<u>5,408</u>	<u>3,678,033</u>
TOTAL NET POSITION - Ending	<u>\$ 230,501</u>	<u>\$ 180,182</u>	<u>\$ 5,410</u>	<u>\$ 3,647,168</u>

**REQUIRED TEXAS EDUCATION
AGENCY SCHEDULES**

CLEBURNE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2022

Last Ten Years Ended June 30,	Tax Rates		3 Net Assessed/ Appraised Value for School Tax Purpose	10 Beginning Balance 07/01/21
	1 Maintenance	2 Debt Service		
2013 and prior years	various	various	various	\$ 839,124
2014	1.040000	0.196800	2,644,490,296	119,189
2015	1.170000	0.196800	2,608,578,516	71,110
2016	1.170000	0.196800	2,560,987,414	79,287
2017	1.170000	0.460000	2,390,457,178	118,811
2018	1.170000	0.460000	2,416,904,417	138,663
2019	1.170000	0.460000	2,564,392,393	181,522
2020	1.068300	0.460000	2,827,507,557	308,357
2021	1.054700	0.460000	2,893,123,457	815,455
2022 (School year under audit)	0.994200	0.454400	3,208,271,089	-
1000 Totals				\$ <u>2,671,518</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 06/30/22
\$ -	\$ 48,224	\$ 7,712	\$(23,978)	\$ 759,210
-	8,825	1,670	(1,796)	106,898
-	10,098	1,699	(1,967)	57,346
-	13,062	2,197	(1,379)	62,649
-	17,062	2,870	(2,081)	96,798
-	23,719	9,325	(1,759)	103,860
-	42,833	16,840	1,800	123,649
-	84,806	36,517	(5,174)	181,860
-	330,884	144,313	(120,882)	219,376
<u>46,475,015</u>	<u>31,037,794</u>	<u>14,185,851</u>	<u>(372,119)</u>	<u>879,251</u>
<u>\$ 46,475,015</u>	<u>\$ 31,617,307</u>	<u>\$ 14,408,994</u>	<u>\$(529,335)</u>	<u>\$ 2,590,897</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 7,580,126
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,873,909

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,030,043
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 697,992

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM

FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 289,000	\$ 289,000	\$ 241,631	\$(47,369)
5800	State programs	-	-	14,876	14,876
5900	Federal programs	<u>3,841,373</u>	<u>3,841,373</u>	<u>5,242,786</u>	<u>1,401,413</u>
5020	Total revenues	<u>4,130,373</u>	<u>4,130,373</u>	<u>5,499,293</u>	<u>1,368,920</u>
EXPENDITURES					
0035	Food service	4,743,809	5,269,609	4,134,170	1,135,439
0051	Facilities maintenance and operations	25,000	40,000	18,863	21,137
0081	Facilities acquisition and construction	-	<u>195,621</u>	-	<u>195,621</u>
6030	Total expenditures	<u>4,768,809</u>	<u>5,505,230</u>	<u>4,153,033</u>	<u>1,352,197</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
1100		(638,436)	(1,374,857)	1,346,260	16,723
OTHER FINANCING SOURCES (USES)					
7912	Sale of real or personal property	-	-	<u>15,390</u>	<u>15,390</u>
	Total other financing sources (use)	-	-	<u>15,390</u>	<u>15,390</u>
1200	NET CHANGE IN FUND BALANCES	(638,436)	(1,374,857)	1,361,650	2,736,507
0100	FUND BALANCES, BEGINNING	<u>2,252,119</u>	<u>2,252,119</u>	<u>2,252,119</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 1,613,683</u>	<u>\$ 877,262</u>	<u>\$ 3,613,769</u>	<u>\$ 2,736,507</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-6

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 13,873,409	\$ 13,873,409	14,580,793	\$ 707,384
5800	State programs	<u>97,916</u>	<u>97,916</u>	<u>56,446</u>	<u>(41,470)</u>
5020	Total revenues	<u>13,971,325</u>	<u>13,971,325</u>	<u>14,637,239</u>	<u>665,914</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	3,415,000	8,200,000	8,200,000	-
0072	Interest on long-term debt	5,502,775	6,645,922	6,645,922	-
0073	Bond issuance costs and fees	<u>6,000</u>	<u>6,000</u>	<u>3,110</u>	<u>2,890</u>
6030	Total expenditures	<u>8,923,775</u>	<u>14,851,922</u>	<u>14,849,032</u>	<u>2,890</u>
1200	NET CHANGE IN FUND BALANCES	5,047,550	(880,597)	(211,793)	668,804
0100	FUND BALANCES, BEGINNING	<u>13,381,191</u>	<u>13,381,191</u>	<u>13,381,191</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 18,428,741</u>	<u>\$ 12,500,594</u>	<u>\$ 13,169,398</u>	<u>\$ 668,804</u>

COMPLIANCE SECTION

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

Board of Trustees
Cleburne Independent School District
Cleburne, 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 Cleburne Independent School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Cleburne Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cleburne Independent School 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 Cleburne Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cleburne Independent School District's internal control.

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleburne Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 14, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
Cleburne Independent School District
Cleburne, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cleburne Independent School District’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cleburne Independent School District’s major federal programs for the year ended June 30, 2022. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 14, 2022

CLEBURNE INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Federal Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Education Agency:			
School Breakfast Program	10.553	71402101	\$ 169,418
School Breakfast Program	10.553	71402201	768,588
National School Lunch Program	10.555	71302101	661,985
National School Lunch Program	10.555	71302201	<u>3,052,683</u>
Total Passed through the Texas Education Agency			<u>4,652,674</u>
Passed through the Texas Department of Agriculture:			
NSLP - Commodities - Noncash Assistance	10.555	00665	394,946
NSLP - Commodity Storage	10.555	00665	15,342
COVID-19 - EOC Reimbursement program	10.555	00665	147,540
COVID-19 - Summer Food Service Program for Children	10.559	00665	29,221
COVID-19 - Pandemic EBT Admin Expense Reimbursement	10.559	00665	<u>3,063</u>
Total Passed through the Texas Department of Agriculture			<u>590,112</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>5,242,786</u>
<u>U. S. FEDERAL COMMUNICATIONS COMMISSION</u>			
Direct program:			
COVID-19 - Emergency Connectivity Fund	32.009	N/A	<u>3,061,695</u>
Total Direct Programs			<u>3,061,695</u>
TOTAL U. S. FEDERAL COMMUNICATIONS COMMISSION			<u>3,061,695</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101126903	1,625,316
IDEA - Part B, Formula	84.027A	216600011269036600	44,805
IDEA - Part B, Formula	84.027A	226600011269036600	1,265,115
COVID-19 - IDEA - Part B, Formula - ARPA	84.027X	225350011269035350	236,142
IDEA - Part B, Preschool	84.173A	226610011269036610	38,779
COVID-19 - IDEA - Part B, Preschool - ARPA	84.173X	225360011269035360	<u>3,954</u>
Total Special Education Cluster (IDEA)			<u>1,588,795</u>
20-21 PERKINS V: STRENGTHENING CTE for 21st Century	84.048A	22420006126903	100,758
Title III, Part A - English Language Acquisition	84.365A	22671001126903	156,579
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	22694501126903	226,454
ESEA, Title IV, Part A - Student Support and Academic Enrichment	84.424A	21680101126903	11,958
ESEA, Title IV, Part A - Student Support and Academic Enrichment	84.424A	22680101126903	<u>78,892</u>
Subtotal Assistance Listing 84.424A			<u>90,850</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	S425D210042	959,220
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	28840327300001	<u>3,058,344</u>
Subtotal Assistance Listing 84.425			<u>4,017,564</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>7,806,316</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>16,110,797</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounting for using a current financial resources measurement focus. All federal grant funds were accounted for in special revenue funds, which are governmental fund types. With this measurement focus, only current assets, current liabilities and 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 Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurement and available, and expenditures in the accounting period in which the 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 judgements, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such amounts are received, they are recorded as unearned revenues until earned. The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

3. 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 rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable may be impaired.
4. The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.
5. None of the federal programs expended by the District were passed through to subrecipients.
6. The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$	15,931,525
Less:		
School health and related services revenue	(752,314)
E-Rate Reimbursement	(27,634)
Add:		
ESSER II funds recognized in prior year but not yet approved until current year		<u>959,220</u>
Federal expenditures per the Schedule of Expenditures of Federal and State Awards (Exhibit K-1)	\$	<u>16,110,797</u>

CLEBURNE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

None

Identification of major federal programs:

Assistance Listing Number(s):

Name of Federal Program or Cluster:

84.010A

Title I, Part A-Improving Basic Programs

84.425D, 84.425U

COVID-19 - Elementary and Secondary School

32.009

Emergency Relief (ESSER) II & III

Emergency Connectivity Fund

Dollar threshold used to distinguish between type A and type B federal programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None.

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