



# Annual Financial Report

For the Year Ended August 31, 2022



**DENISON INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2022**

**Business Services**

Randy Reid CPA, RTSBA – Assistant Superintendent for Business Services  
Chelsea Menjivar – Director of Business

**THIS PAGE LEFT BLANK INTENTIONALLY**

**DENISON INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
	Certificate of Board.....	1
	Independent Auditor’s Report.....	2
	Management’s Discussion and Analysis .....	5
<b>Basic Financial Statements</b>		
	Government-wide Statements:	
A-1	Statement of Net Position.....	11
B-1	Statement of Activities.....	12
	Governmental Fund Financial Statements:	
C-1	Balance Sheet.....	14
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	16
C-3	Statement of Revenues, Expenditures and Changes in Fund Balance.....	17
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	19
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position – Proprietary Funds .....	20
D-2	Statement of Revenues, Expenses, and Changes in Fund Net position – Proprietary Funds .....	21
D-3	Statement of Cash Flows – Proprietary Funds .....	22
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position .....	23
E-2	Statement of Changes in Fiduciary Net Position.....	24
	Notes to the Financial Statements .....	25
<b>Required Supplementary Information</b>		
G-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund .....	47
	Notes to Required Budgetary Schedule.....	48
G-2	Schedule of the District’s Proportionate Share of the Net Pension Liability Teacher Retirement System .....	49

G-3	Schedule of the District’s Pension Contributions Teacher Retirement System .....	51
G-4	Schedule of the District’s Proportionate Share of the Net OPEB Liability Texas Public School Retired Employees Group Insurance Program (TRS-Care) .....	53
G-5	Schedule of the District’s OPEB Contributions Texas Public School Retired Employees Group Insurance Program (TRS-Care) .....	54

**Combining Statements**

Nonmajor Governmental Funds:

H-1	Combining Balance Sheet .....	55
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	59

**Required TEA Schedules**

J-1	Schedule of Delinquent Taxes Receivable .....	63
J-2	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Breakfast and Lunch Program Fund .....	65
J-3	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund .....	66
J-4	Use of Funds Report - Select State Allotment Programs.....	67

**Federal Awards and Other Compliance Section**

	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	68
	Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance .....	70
K-1	Schedule of Expenditures of Federal Awards .....	73
	Notes to Schedule of Expenditures of Federal Awards.....	75
	Schedule of Findings and Questioned Costs .....	76
	Summary Schedule of Prior Audit Findings.....	77

CERTIFICATE OF BOARD

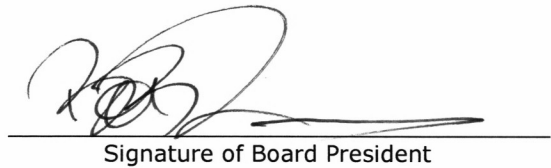
Denison Independent School District  
Name of School District

Grayson  
County

091-903  
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the 13<sup>th</sup> day of December, 2022.

  
Signature of Board Secretary

  
Signature of Board President

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

**THIS PAGE LEFT BLANK INTENTIONALLY**



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Denison Independent School District  
Denison, Texas

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denison Independent School District (the "District"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the 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 the Denison Independent School District, as of August 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **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 *Government 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 the Financial Statements section of our report. We are required to be independent of Denison 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 opinions.

#### **Emphasis of Matter - Change of Accounting Principle**

As discussed in the notes to the financial statements, in the year ending August 31, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibility 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 conducted in accordance 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 judgment 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 judgment 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 the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining 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 was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 December 13, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Waco, Texas  
December 13, 2022

**THIS PAGE LEFT BLANK INTENTIONALLY**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Denison Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2022. Please read this narrative in conjunction with the independent auditor's 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 \$10,712,044, a net increase of \$5,429,586 over last year's \$5,282,458, all from current year operations.
- Current year unrestricted net position is a deficit of \$5,361,807 as compared to last year's deficit of \$16,329,945.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$27,513,643, a net decrease of \$1,982,260 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,880,549 or 44.9% of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$20,369,966, or 42.5% 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) governmentwide 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, and liabilities, 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 current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for so items that will only result in cash flows in future fiscal periods.

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.

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.
- 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 net position (Table 1) and the statement of activities (Table 2) of the District’s governmental activities.

**TABLE 1  
NET POSITION**

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 32,826,561	\$ 39,571,941
Capital assets	<u>108,046,367</u>	<u>106,544,937</u>
Total assets	<u>140,872,928</u>	<u>146,116,878</u>
Deferred charges on refunding	-	7,262,738
Deferred outflows related to pensions	4,273,283	4,433,926
Deferred outflows related to OPEB	<u>4,505,371</u>	<u>3,469,427</u>
Total deferred outflows of resources	<u>8,778,654</u>	<u>15,166,091</u>
Current liabilities	4,297,990	8,398,369
Long-term liabilities	<u>117,396,795</u>	<u>135,044,105</u>
Total liabilities	<u>121,694,785</u>	<u>143,442,474</u>
Deferred inflows related to pensions	7,260,928	2,511,240
Deferred inflows related to OPEB	<u>9,983,825</u>	<u>10,046,797</u>
Total deferred outflows of resources	<u>17,244,753</u>	<u>12,558,037</u>
Net position:		
Net investment in capital assets	11,375,955	12,759,531
Restricted	4,697,896	8,852,872
Unrestricted	<u>( 5,361,807)</u>	<u>( 16,329,945)</u>
Total net position	<u>\$ 10,712,044</u>	<u>\$ 5,282,458</u>

The District’s governmental activities net position increased by \$5,429,586, as previously discussed, from \$5,282,458 to \$10,712,044. A large portion of net position, \$11,375,955 reflects the District’s net investment in capital assets (e.g., land, buildings, furniture and equipment, and accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TABLE 2  
CHANGES IN NET POSITION**

	2022	2021
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 1,171,202	\$ 1,150,968
Operating grants and contributions	11,566,495	10,684,485
General revenues:		
Property taxes	31,179,797	29,566,187
State aid - formula grants	22,106,014	22,336,207
Investment earnings	106,956	98,081
Miscellaneous	325,598	146,390
Gain on sale of assets	41,977	-
Total revenues	66,498,039	63,982,318
<b>EXPENSES</b>		
Instruction	30,434,941	32,758,841
Instructional resources and media services	558,574	496,899
Curriculum and instructional staff development	538,629	520,081
Instructional leadership	776,517	640,114
School leadership	2,484,506	2,220,417
Guidance, counseling and evaluation services	2,219,164	2,093,094
Health services	593,860	476,476
Student (pupil) transportation	2,139,241	2,084,751
Food services	3,798,126	3,503,710
Co-curricular/extra curricular activities	2,369,089	2,690,270
General administration	1,835,406	1,651,275
Facilities maintenance and operations	9,049,566	8,081,285
Security and monitoring services	447,917	512,326
Data processing services	750,933	857,560
Community services	14,078	15,194
Debt service - interest on long-term debt	2,467,985	2,793,761
Debt service - bond issuance costs	9,080	8,010
Other intergovernmental charges	580,841	538,822
Total expenses	61,068,453	61,942,886
<b>CHANGE IN NET POSITION</b>	<b>5,429,586</b>	<b>2,039,432</b>
<b>NET POSITION, BEGINNING</b>	<b>5,282,458</b>	<b>3,243,026</b>
<b>NET POSITION, ENDING</b>	<b>\$ 10,712,044</b>	<b>\$ 5,282,458</b>

The District is required under GASB 68 and GASB 75 to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan and TRS – other post- employment benefits. The net decrease in these liabilities contributed to the increase in net position of the District.



## **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' 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 \$27,513,643, a net decrease of \$1,982,260 from last year's combined fund balance. Unassigned fund balance \$20,880,549, or 75.9%, and was available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as either nonspendable, restricted, or committed.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year the General Fund's unassigned fund balance was \$20,880,549 or 95.7% of the total fund balance was \$21,819,109. The increase in fund balance was a result of an increase in both state foundation allotments and property tax revenues. Despite the District reducing property tax rates for the current year, increases in taxable values contributed to the increase in this revenue source.

The Debt Service Fund ending fund balance was \$3,403,099, all of which is reserved for the payment of future debt service. The increase in the debt service fund was a result of property tax collections exceeding current year debt service payments.

## **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. Amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we originally estimated).
2. Major amendment was to increase Function 81 – Facilities Acquisition and Construction by \$200,000 to replace the Scott Middle School track surface and increase Function 51-Plant Maintenance & Operations by \$110,000 to replace HVAC units.
3. Amendments to realign budgeted amounts to meet updated projected actual expenditures.

The District's actual General Fund balance of \$21,819,109 differs from the General Fund's budgetary fund balance of \$19,122,471. The difference of \$2,696,638 is primarily due to federal program revenues being \$473,406 more than expected and actual expenditures of \$27,332,079 within the Instruction function being less than the final budget by \$770,704.

## **CAPITAL ASSETS**

The District's investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$108,046,367 (net of accumulated depreciation) for a net increase of \$1,501,429 or 1.4% over last year. Major additions to capital assets include construction of two new schools, District-wide HVAC replacement, and purchases of new vehicles. These amounts were offset by current year depreciation. The investment in capital assets includes land, buildings and improvements, furniture and equipment, and right to use equipment.

More detailed information about the District's capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2022	2021
Land	\$ 2,462,102	\$ 2,462,102
Construction in progress	-	15,299,739
Buildings and improvements	132,388,676	112,078,543
Furniture and equipment	14,695,562	14,894,146
Right to use equipment	195,872	-
Less depreciation	( 41,695,845)	( 38,189,592)
Totals	\$ <u>108,046,367</u>	\$ <u>106,544,938</u>

## LONG-TERM DEBT

At year-end, the District had \$96,904,784 in long-term debt versus \$109,884,179 last year. The decrease is due to regularly scheduled principal payments on existing bonds. More detailed information about the District's long-term debt is presented in the notes to the financial statements.

	Governmental Activities	
	2022	2021
Bonds payable	\$ 84,660,000	\$ 88,763,160
Accreted interest	364,794	8,585,814
Unamortized premium/(discount)	11,558,653	12,284,173
Lease payable	86,965	-
Compensated absences	<u>234,372</u>	<u>251,032</u>
Totals	\$ <u>96,904,784</u>	\$ <u>109,884,179</u>

## ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2022 budget preparation will be up 169.6 million, or 8.3% from 2021.

General operating fund spending per student decrease in the 2022 budget from \$11,648 to \$11,640. This is a 0.009% decrease.

The District's 2022 refined average daily attendance is expected to be 4,395, and increase of 0% over 2021.

These indicators were taken into account when adopting the general fund budget for 2022. Amounts available for appropriation in the general fund budget are \$50.2 million, an increase of 1.2% compared to the final 2021 budget of \$49.6 million. Property tax revenues will increase due to an increase in appraised values. The tax rate will reduce from \$1.3223 to \$1.2895.

Expenditures are budgeted at \$51.2 million. Property tax revenue will increase approximately \$1,510,000 and State Funding will decrease approximately \$1,510,000. Investment revenue is expected to decrease by \$110,000 in 2022.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Denison Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Randy Reid, Assistant Superintendent of Business Services, Denison Independent School District, 1201 S. Rusk Ave, Denison, TX 75020.

## **BASIC FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT A-1**

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		1 Governmental Activities
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 25,861,950
1120	Investments	2,244,217
1220	Property taxes receivables	1,531,326
1230	Allowance for uncollectible taxes	( 119,282)
1240	Due from other governments	3,204,297
1300	Inventories	102,088
1410	Prepayments	1,965
	Capital assets:	
1510	Land	2,462,102
1520	Buildings and improvements, net	103,187,924
1530	Furniture and equipment, net	2,307,059
1550	Right to use equipment, net	89,282
1000	Total assets	<u>140,872,928</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflow related to pensions	4,273,283
1706	Deferred outflow related to other post-employment benefits	4,505,371
1700	Total deferred outflows of resources	<u>8,778,654</u>
<b>LIABILITIES</b>		
2110	Accounts payable	944,189
2140	Interest payable	832,879
2160	Accrued wages payable	1,423,677
2180	Due to other governments	1,092,153
2310	Unearned revenue	5,092
	Noncurrent liabilities:	
	Due within one year	
2501	Long-term debt	2,896,576
2501	Claims liability	22,039
	Due in more than one year	
2502	Claims liability	66,118
2502	Long-term debt	94,008,208
2540	Net pension liability	6,050,028
2545	Net other post-employment benefits liability	14,353,826
2000	Total liabilities	<u>121,694,785</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflow related to pensions	7,260,928
2606	Deferred inflow related to other post-employment benefits	9,983,825
2600	Total deferred inflows of resources	<u>17,244,753</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	11,375,955
	Restricted for:	
3820	Federal and state programs	1,237,176
3850	Debt service	3,335,248
3890	Other purposes	125,472
3900	Unrestricted	( 5,361,807)
3000	Total net position	<u>\$ 10,712,044</u>

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

**DENISON INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1	<u>Program Revenues</u> 3
		<u>Expenses</u>	<u>Charges for Services</u>
	Primary government:		
	Governmental activities:		
11	Instruction	\$ 30,434,941	\$ 334,594
12	Instructional resources and media services	558,574	-
13	Curriculum and staff development	538,629	-
21	Instructional leadership	776,517	-
23	School leadership	2,484,506	-
31	Guidance, counseling, and evaluation services	2,219,164	-
33	Health services	593,860	-
34	Student transportation	2,139,241	-
35	Food service	3,798,126	196,318
36	Extracurricular activities	2,369,089	640,290
41	General administration	1,835,406	-
51	Facilities maintenance and operations	9,049,566	-
52	Security and monitoring services	447,917	-
53	Data processing services	750,933	-
61	Community services	14,078	-
72	Interest on long-term debt	2,467,985	-
73	Bond issuance costs and fees	9,080	-
99	Other intergovernmental charges	580,841	-
	[TG] Total governmental activities	<u>\$ 61,068,453</u>	<u>\$ 1,171,202</u>
	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes		
DT	Property taxes, levied for debt service		
SF	State aid - formula grants		
IE	Investment earnings		
MI	Miscellaneous		
SI	Gain on sale of assets		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning		
NE	Net position, ending		

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

Program Revenues	Net (Expenses) Revenue and Changes in in Net Position
4	6
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 4,212,781	\$ ( 25,887,566)
85,899	( 472,675)
240,911	( 297,718)
139,028	( 637,489)
34,059	( 2,450,447)
392,067	( 1,827,097)
33,331	( 560,529)
72,944	( 2,066,297)
3,900,703	298,895
( 2,494)	( 1,731,293)
53,817	( 1,781,589)
2,051,168	( 6,998,398)
5,760	( 442,157)
193,755	( 557,178)
13,368	( 710)
139,398	( 2,328,587)
-	( 9,080)
-	( 580,841)
<u>\$ 11,566,495</u>	<u>\$ ( 48,330,756)</u>

23,213,590
7,966,207
22,106,014
106,956
325,598
41,977
<u>53,760,342</u>
<u>5,429,586</u>
<u>5,282,458</u>
<u>\$ 10,712,044</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET

AUGUST 31, 2022

Data Control Codes		10	50
		General Fund	Debt Service
		<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 19,219,491	\$ 3,756,103
1120	Investments	2,244,217	-
1220	Property taxes - delinquent	1,163,158	368,168
1230	Allowance for uncollectible taxes (credit)	( 90,604)	( 28,678)
1240	Due from other governments	1,902,188	-
1260	Due from other funds	1,244,276	-
1300	Inventories	59,595	-
1410	Prepaid items	1,965	-
1000	Total assets	<u>25,744,286</u>	<u>4,095,593</u>
<b>LIABILITIES</b>			
2110	Accounts payable	549,314	-
2160	Accrued wages payable	1,237,302	-
2170	Due to other funds	-	357,759
2180	Due to other governments	1,067,823	-
2300	Unearned revenues	-	-
2000	Total liabilities	<u>2,854,439</u>	<u>357,759</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601	Unavailable revenue - property taxes	1,057,535	334,735
2602	Unavailable revenue - SHARS	13,203	-
2600	Total deferred inflows of resources	<u>1,070,738</u>	<u>334,735</u>
<b>FUND BALANCES</b>			
Nonspendable:			
3410	Inventories	59,595	-
3430	Prepaid items	1,965	-
Restricted:			
3450	Federal or state grant restriction	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	3,403,099
3490	Instruction	-	-
3545	Committed for campus activities	-	-
Assigned for:			
3590	Subsequent year's budget	877,000	-
3600	Unassigned	20,880,549	-
3000	Total fund balances	<u>21,819,109</u>	<u>3,403,099</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 25,744,286</u>	<u>\$ 4,095,593</u>

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



Other Funds	98 Total Governmental Funds
\$ 2,444,022	\$ 25,419,616
-	2,244,217
-	1,531,326
-	( 119,282)
1,302,109	3,204,297
-	1,244,276
42,493	102,088
-	1,965
<u>3,788,624</u>	<u>33,628,503</u>
394,875	944,189
186,375	1,423,677
886,517	1,244,276
24,330	1,092,153
5,092	5,092
<u>1,497,189</u>	<u>4,709,387</u>
-	1,392,270
-	13,203
<u>-</u>	<u>1,405,473</u>
42,493	102,088
-	1,965
1,223,973	1,223,973
-	-
430,293	3,833,392
125,472	125,472
469,204	469,204
-	877,000
-	20,880,549
<u>2,291,435</u>	<u>27,513,643</u>
\$ <u>3,788,624</u>	\$ <u>33,628,503</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-2**

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

AUGUST 31, 2022

Total fund balances - governmental funds	\$ 27,513,643
<b>1</b> Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,046,367
<b>2</b> Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	1,392,270
Grants	13,203
<b>3</b> Net position of the internal service fund is shown as part of the proprietary funds, but is reported as part of governmental activities on the statement of net position.	288,059
<b>4</b> Long-term liabilities, including bonds, and accreted interest, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	( 96,838,666)
<b>5</b> Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	( 832,879)
<b>6</b> Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pensions included a deferred resource outflow in the amount of \$4,273,283, a deferred resource inflow in the amount of \$7,260,928, and a net pension liability in the amount of \$6,050,028. This resulted in a decrease in net position.	( 9,037,673)
<b>7</b> Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$4,505,371, a deferred resource inflow in the amount of \$9,983,825, and a net OPEB liability in the amount of \$14,353,826. This resulted in a decrease in net position.	( <u>19,832,280</u> )
<b>19</b> Net position of governmental activities	\$ <u>10,712,044</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10	50
		General Fund	Debt Service
	<b>REVENUES</b>		
5700	Local and intermediate sources	\$ 24,082,359	\$ 8,003,540
5800	State programs	24,681,188	139,398
5900	Federal programs	<u>1,173,406</u>	<u>-</u>
5020	Total revenues	<u>49,936,953</u>	<u>8,142,938</u>
	<b>EXPENDITURES</b>		
	Current:		
0011	Instruction	27,332,079	-
0012	Instructional resources and media services	474,589	-
0013	Curriculum and instructional staff development	293,232	-
0021	Instructional leadership	687,758	-
0023	School leadership	2,538,271	-
0031	Guidance, counseling and evaluation services	2,020,480	-
0033	Health services	594,476	-
0034	Student (pupil) transportation	1,693,605	-
0035	Food services	-	-
0036	Extracurricular activities	1,963,235	-
0041	General administration	1,783,441	-
0051	Facilities maintenance and operations	7,299,432	-
0052	Security and monitoring services	406,073	-
0053	Data processing services	639,184	-
0061	Community services	-	-
	Debt service:		
0071	Principal on long term debt	102,033	4,905,000
0072	Interest on long term debt	324	2,740,123
0073	Bond issuance costs and fees	-	9,080
	Capital outlay:		
0081	Facilities acquisition and construction	177,868	-
	Intergovernmental:		
0099	Other intergovernmental charges	<u>580,841</u>	<u>-</u>
6030	Total expenditures	<u>48,586,921</u>	<u>7,654,203</u>
1100	Excess (deficiency) of revenues over (under) expenditures	1,350,032	488,735
	<b>OTHER FINANCING SOURCES (USES)</b>		
7912	Sale of real and personal property	41,977	-
7913	Issuance of lease	<u>7,016</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>48,993</u>	<u>-</u>
1200	<b>NET CHANGE IN FUND BALANCES</b>	1,399,025	488,735
0100	<b>FUND BALANCES, BEGINNING</b>	<u>20,420,084</u>	<u>2,914,364</u>
3000	<b>FUND BALANCES, ENDING</b>	\$ <u>21,819,109</u>	\$ <u>3,403,099</u>

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

Other Funds	98 Total Governmental Funds
\$ 803,156	\$ 32,889,055
524,718	25,345,304
<u>10,282,872</u>	<u>11,456,278</u>
<u>11,610,746</u>	<u>69,690,637</u>
4,080,909	31,412,988
101,742	576,331
278,459	571,691
111,875	799,633
49,823	2,588,094
292,968	2,313,448
15,461	609,937
35,000	1,728,605
3,647,783	3,647,783
377,512	2,340,747
35,853	1,819,294
2,021,324	9,320,756
4,116	410,189
5,903	645,087
13,468	13,468
-	5,007,033
-	2,740,447
-	9,080
4,408,570	4,586,438
-	580,841
<u>15,480,766</u>	<u>71,721,890</u>
(3,870,020)	( 2,031,253)
-	41,977
-	7,016
<u>-</u>	<u>48,993</u>
( 3,870,020)	( 1,982,260)
<u>6,161,455</u>	<u>29,495,903</u>
\$ <u>2,291,435</u>	\$ <u>27,513,643</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

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

FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	\$ ( 1,982,260)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	1,319,447
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	( 105,502)
Grants	13,203
The District uses an internal service fund to charge the cost of workers' compensation to the appropriate functions in other funds. The net income of the internal service fund is reported as a part of governmental activities which increases net position.	( 5,394)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayment during the fiscal year.	5,016,677
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium and deferred loss on refunding of bonds payable	667,914
Accrued interest on long-term debt	( 653,204)
Accrued interest on capital appreciation bonds	214,048
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 \$1,095,442. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,013,955. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense increased the change in net position by \$397,752. The net result is an increase in net position.	479,239
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 \$290,910. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$290,702. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$465,210. The net result is an increase in net position.	<u>465,418</u>
Change in net position of governmental activities	\$ <u>5,429,586</u>

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

AUGUST 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 442,334
Total assets	<u>442,334</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	<u>22,039</u>
Total current liabilities	<u>22,039</u>
Noncurrent liabilities:	
Claims payable	<u>66,118</u>
Total liabilities	<u>66,118</u>
<b>NET POSITION</b>	
Unrestricted	<u>354,177</u>
Total net position	<u>\$ 354,177</u>



**DENISON INDEPENDENT SCHOOL DISTRICT****EXHIBIT D-2**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
Local and intermediate sources	\$ <u>174,728</u>
Total operating revenues	<u>174,728</u>
<b>OPERATING EXPENSES</b>	
Professional and contracted services	<u>180,122</u>
Total operating expenditures	<u>180,122</u>
Operating income (loss)	( 5,394)
<b>NET POSITION, BEGINNING</b>	<u>359,571</u>
<b>NET POSITION, ENDING</b>	\$ <u>354,177</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 174,728
Cash payments for insurance claims	<u>( 231,667)</u>
Net cash provided by operating activities	<u>( 56,939)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	<u>( 56,939)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>499,273</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ <u>442,334</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH          PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	\$( 5,394)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in accounts payable	<u>( 51,545)</u>
Net cash provided by operations	\$( <u>56,939</u> )

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT E-1**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

AUGUST 31, 2022

	<u>Custodial Fund</u>	<u>Private Purpose Trust Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,533	\$ 44,005
Total assets	<u>3,533</u>	<u>44,005</u>
<b>NET POSITION</b>		
Restricted for:		
Student groups	3,533	-
Scholarships	<u>-</u>	<u>44,005</u>
Total net position	<u>\$ 3,533</u>	<u>\$ 44,005</u>

**DENISON INDEPENDENT SCHOOL DISTRICT****EXHIBIT E-2**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Custodial Fund</u>	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Contributions, gifts and donations	\$ 3,680	\$ 4,300
Total additions	<u>3,680</u>	<u>4,300</u>
<b>DEDUCTIONS</b>		
Tuition	-	4,000
Payments on behalf of student groups	<u>167</u>	<u>-</u>
Total deductions	<u>167</u>	<u>4,000</u>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	3,513	300
<b>NET POSITION, BEGINNING</b>	<u>20</u>	<u>43,705</u>
<b>NET POSITION, ENDING</b>	\$ <u>3,533</u>	\$ <u>44,005</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

# DENISON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGUST 31, 2022

### I. Summary of Significant Accounting Policies

The Denison Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its' basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources, and it complies with the requirements of the appropriate version of the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

#### A. Reporting Entity

The District's Board of Trustees (the "Board"), consisting of seven members, has governance responsibilities over all activities related to public school education within the District. The daily functioning of the District is under the supervision of the Superintendent. Board members are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GAAP.

#### B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, state foundation funds and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The District reports the following major governmental funds:

**General Fund:** The General Fund is the District's general 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 other funds. The General Fund is always considered a major fund.

**Debt Service Fund:** This fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections of general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for the retirement of bonds and payments of interest on the bonded debt. The fund balance represents the amount that is available for the retirement of bonds and payment of interest in the future.

In addition, the District maintains the following funds:

**Governmental Funds:**

**Special Revenue Funds:** The District accounts for resources restricted to, or designated for, specific purposes by the District or grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**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.

**Proprietary Funds:**

**Internal Service Funds:** These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District. The District uses this fund type to report its workers' compensation activities.

**Fiduciary Funds:**

**Private-purpose Trust Fund:** This fund accounts for scholarship resources held in trust for others where the principal and interest benefit the District or its students and former students.

**Custodial Funds:** This fund accounts for resources held for others in a custodial capacity by the District and consists of student activity funds that are the property of the various student clubs and associations.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.



**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses**

**1. Cash, Cash Equivalents, and Investments**

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

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value (NAV) per share (which approximates fair value) even though it is calculated using the amortized cost method.

**2. Inventories and Prepaid Items**

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at acquisition values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their acquisition value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both the government-wide and fund financial statements. The prepayment is relieved using the consumption method.

**3. Other Receivables and Payables**

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

**4. Interfund Activities**

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

**5. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year-end.

**6. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real property and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable with the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The Board establishes the District’s property tax rates annually. The authorized tax rates for property taxes assessed on January 1, 2021, were \$0.9603 and \$0.3292 per \$100 for the General Fund and Debt Service Fund, respectively, based on a net assessed valuation of \$2,412,765,025.

The District has not entered into any tax abatement agreements in compliance with Tax Code Chapter 312.

Delinquent taxes 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 within the General and Debt Service Funds are based on historical experience in collecting property taxes.

Current tax collections for the levy year ended August 31, 2022, were 97.6% of the yearend 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 Grayson County Tax Office (“County”) whereby the County bills and collects the District’s property taxes.

**7. 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 assets are valued at acquisition cost, which is the price that would have been paid to acquire an asset with equivalent service potential on the date of acquisition.

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 lease assets of the District are depreciated using the straight-line method over the following estimated lives:

Asset Class	Estimated Useful Life
Buildings and improvements	45
Furniture and equipment	5-10
Right to use - equipment	5-10

Land and construction in progress are not depreciable.

**8. 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.

## **9. Deferred Outflows and Inflows 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 experience, changes in actuarial assumptions, and the 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 OPEB liability, changes in actuarial assumptions, the differences between projected and actual investment earnings, 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.
- 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, as well as 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 and changes in actuarial assumptions.

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

### **11. 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.

### **12. Compensated Absences**

Employees of the District earn and accumulate leave according to terms set by the State of Texas at the rate of five (5) days per year. If employees retire from the District and are eligible for full retirement benefits as determined by the Teachers' Retirement System, the District pays the employees one-half of their regular rate of pay for up to 50 days of unused sick leave.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

### **13. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity, business-type activities, or proprietary fund type statements of net assets. 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 are reported as debt service expenditures.

#### **Leases**

The District has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

#### **14. Net Position**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### **15. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and 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 applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **16. Fund Balance**

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

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

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

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

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

### **17. Fund Balance Flow Assumption**

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.

### **18. Data Control Codes**

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

### **19. 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 and the related receivables and liabilities 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 midway into the next fiscal year.

### **20. Program Revenues**

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

## **II. DETAILED NOTES ON ACTIVITIES AND FUNDS**

### **A. Cash and Cash Equivalents**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's Commercial Paper fair value measurement used level 2 inputs, present value of expected future cash flow model. Each of the investments valued at Level 2 were priced using the present value of expected future cash flow model.

The District's local government investment pools have a redemption notice period of one day and may redeem daily. The investment pools' authority 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 pools' liquidity.

The District has the following investments:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Percent of Total</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>	<u>Valuation Method</u>
TexPool	\$ 13,790,493	56%	25	AAAm	NAV
First Public	8,635,136	35%	17	AAAm	NAV
Cetera	<u>2,244,617</u>	<u>9%</u>	746	AAAm	Level 2
	\$ <u>24,670,246</u>	<u>100%</u>			
Portfolio weighted average maturity			88		

Deposit risk of the District includes the following:

**Custodial Credit Risk** – This is the risk, that in the event of the failure of a bank failure counterparty, the District's deposits may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's cash deposits were either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits were not exposed to custodial credit risk.

**Custodial Credit Risk – Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. On August 31, 2022, the District held investments in public funds investment pools. Investments in external investment pools are not considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for the investment pool at year-end was AAAm (Standard & Poor's).

**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 is the risk of loss attributed to the magnitude of the District's investments in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in securities of a single issuer. The District's investments in public funds investment pools is not subject to the concentration risk.

**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. Interfund Balances**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

The composition of interfund balances as of August 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental	\$ 886,517
General fund	Debt Service	<u>357,759</u>
Total		<u>\$ 1,244,276</u>

The receivables recorded in the General Fund represent loans to other funds to cover expenditures, which have not yet been reimbursed by various local, state, and federal grants, and to cover other expenditures for the Internal Service and Student Activity Funds. The receivable balances of the Debt Service Fund represent borrowing between funds expected to be liquidated through normal operations.

**C. Capital Assets**

Capital asset activity for the year ended August 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,462,102	\$ -	\$ -	\$ 2,462,102
Construction in progress	<u>15,299,739</u>	<u>3,235,502</u>	<u>( 18,535,241)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>17,761,841</u>	<u>3,235,502</u>	<u>( 18,535,241)</u>	<u>2,462,102</u>
Capital assets, being depreciated:				
Buildings and improvements	112,078,543	1,774,892	18,535,241	132,388,676
Furniture and equipment	14,894,146	340,304	( 538,888)	14,695,562
Right to use equipment	<u>-</u>	<u>195,872</u>	<u>-</u>	<u>195,872</u>
Total capital assets, being depreciated	<u>126,972,689</u>	<u>2,311,068</u>	<u>17,996,353</u>	<u>147,280,110</u>
Less accumulated depreciation for:				
Buildings and improvements	( 26,211,122)	( 2,989,630)	-	( 29,200,752)
Furniture and equipment	( 11,978,470)	( 894,693)	484,660	( 12,388,503)
Right to use equipment	<u>-</u>	<u>( 106,590)</u>	<u>-</u>	<u>( 106,590)</u>
Total accumulated depreciation	<u>( 38,189,592)</u>	<u>( 3,990,913)</u>	<u>484,660</u>	<u>( 41,695,845)</u>
Total governmental activities capital assets, net	<u>\$ 106,544,938</u>	<u>\$ 1,555,657</u>	<u>\$ ( 54,228)</u>	<u>\$ 108,046,367</u>

Depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 1,701,976
Instruction Resources & Media Services	30,349
Curriculum & Instructional Staff Development	30,104
Instructional Leadership	42,108
School Leadership	136,285
Guidance Counseling & Evaluation Services	121,823
Health Services	32,118
Student Transportation	526,834
Food Services	276,927
Cocurricular/Extracurricular Activities	131,651
General Administration	95,801
Plant Maintenance & Operations	679,284
Security & Monitoring Services	51,613
Data Processing Services	133,331
Community Services	<u>709</u>
Total depreciation expense	<u>\$ 3,990,913</u>



## D. Long-Term Liabilities

Governmental long-term liabilities for the year ended August 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$ 88,763,160	\$ -	\$ 4,103,160	\$ 84,660,000	\$ 2,755,000
Accreted interest	8,585,814	364,794	8,585,814	364,794	-
Premium on bonds	12,284,173	-	725,520	11,558,653	-
Lease payable	181,982	7,016	102,033	86,965	82,983
Compensated absences	251,032	34,166	50,826	234,372	58,593
Total long-term debt	110,066,161	405,976	13,567,353	96,904,784	2,896,576
Net pension liability	11,439,598	( 4,375,752)	1,013,818	6,050,028	-
Net OPEB liability	13,720,328	924,198	290,700	14,353,826	-
Claims liability	139,702	7,531	59,076	88,157	22,039
Total other long-term liabilities	25,299,628	( 3,444,023)	1,363,594	20,492,011	22,039
Total long term liabilities	\$ 135,365,789	\$ ( 3,038,047)	\$ 14,930,947	\$ 117,396,795	\$ 2,918,615

Debt service requirements for general obligation bonds are payable from the 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. Leases are paid from the fund balance and future revenues of the General Fund. The compensated absences balance is primarily liquidated by the General Fund.

## E. 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 August 31, 2022, is as follows:

	Maturity Date	Interest Rates	Original Issue	Amounts Outstanding	Due Within One Year
<u>Governmental activities:</u>					
UTSB Bonds, Series 2013	2043	1.75-4.50%	9,410,000	4,360,000	265,000
UTR Bonds, Series 2017	2031	4.00%	8,630,000	8,630,000	-
UTSB Bonds, Series 2020	2035	4.00-5.00%	17,655,000	13,550,000	2,290,000
UTR Bonds, Series 2020	2040	1.651-2.518%	58,645,000	58,120,000	200,000
Total				\$ 84,660,000	\$ 2,755,000

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

Year Ended August 31,	Principal	Interest	Total Requirements
2023	\$ 2,755,000	\$ 5,108,323	\$ 7,863,323
2024	1,730,000	5,179,548	6,909,548
2025	1,805,000	5,257,173	7,062,173
2026	4,360,000	2,678,448	7,038,448
2027	4,835,000	2,208,652	7,043,652
2028-2034	23,400,000	8,666,435	32,066,435
2033-2037	25,265,000	4,884,047	30,149,047
2038-2041	20,510,000	1,387,836	21,897,836
Totals	\$ 84,660,000	\$ 35,370,462	\$ 120,030,462

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 August 31, 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. In the event of default, the outstanding leases payable are secured by the leased assets.

**Defeasance 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 August 31, 2022, \$2,930,000 of bonds considered defeased are still outstanding.

**F. Lease Payable**

The District entered into a 24-month lease as lessee for the right to use of copiers through Xerox. The lease covers 54 copiers, and the District is required to make a fixed monthly payment of \$15,195. This payment includes a fixed fee for services and supplies of \$1,186 that was excluded from the calculation of the lease liability.

The District entered into a 24-month lease as lessee for the right to use a Chevrolet Tahoe. The lease covers one vehicle and the District is required to make a fixed monthly payment of \$798.

A summary of the governmental activities long-term lease payable as of August 31, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding	Amounts Due Within One Year
Right to Use:						
Chevrolet Tahoe	0.218%	2020	\$ 19,110	\$ 30	\$ 9,893	\$ 9,893
Copiers	0.347%	2019	169,888	294	77,072	73,090
Totals				\$ 324	\$ 86,965	\$ 82,983

Principal and interest requirements to maturity are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2023	\$ 82,983	\$ 183	\$ 83,166
2024	2,500	57	2,557
2025	1,482	10	1,492
Totals	\$ 86,965	\$ 250	\$ 87,215

**G. 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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.trs.texas.gov](http://www.trs.texas.gov), 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 in (A) 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.

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

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

	Contribution Rates	
	2021	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		\$ 1,095,442
Current fiscal year member contributions		2,742,731
2021 measurement year NECE on-behalf contributions		2,023,655

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, and or local funds.

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

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

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

**Actuarial Assumptions** - The total pension liability was based on an actuarial valuation as of August 31, 2020, and rolled forward to August 31, 2021, and determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases including Inflation	3.05 to 9.05%
Payroll Growth Rate	3.00%
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 periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 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, are summarized below:

Asset Class <sup>1</sup>	Target Allocation <sup>2</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	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, Natural Resources and Infrastructure	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 <sup>4</sup>			-0.95%
Expected Return	100.00%		6.90%

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the FY2021 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of net pension liability	\$ 13,220,272	\$ 6,050,028	\$ 232,784

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At August 31, 2022, the District reported a liability of \$6,050,28 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	\$ 6,050,028
State's proportionate share that is associated with the District	<u>12,076,306</u>
Total	<u>\$ 18,126,334</u>

The net pension liability was measured as of August 31, 2021, and the total pension liability used in the measurement was rolled forward from an actuarial valuation as of August 31, 2020. 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 0.0237568466% which was an increase of 0.0023975600% 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 August 31, 2022, the District's pension expense was \$664,483 and revenue of \$48,280 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,125	\$ 425,927
Changes in actuarial assumptions	2,138,567	932,232
Difference between projected and actual investment earnings	-	5,072,870
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,029,149	829,899
Contributions paid to TRS subsequent to the measurement date	<u>1,095,442</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 4,273,283</u>	<u>\$ 7,260,928</u>

The amount 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 next fiscal year. 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:

For the Year Ended August 31,	Pension Expense
2023	\$( 758,845)
2024	( 800,847)
2025	( 1,186,252)
2026	( 1,476,298)
2027	96,048
Thereafter	43,107

## H. 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

**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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

	TRS-Care Monthly 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% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the 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		\$ 290,910
Current fiscal year member contributions		222,860
2021 measurement year NECE on-behalf contributions		389,473

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 total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

**Additional Actuarial Methods and Assumptions**

Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience.
Expenses	Third-Party Administrative expenses related to the deliver of health care benefits are included in the age-adjusted claims costs
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 8.50%
Election Rates	Normal Retirement 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at 65
Ad hoc post-employment benefit changes	None

**Discount Rate.** A single discount rate of 1.95% was used to measure the total OPEB liability. There was a 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 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% less than and 1% 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 net OPEB liability	\$ 17,314,022	\$ 14,353,826	\$ 12,204,056

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2022, the District reported a liability of \$14,353,826 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 14,353,826
State's proportionate share that is associated with the District	<u>19,230,928</u>
Total	<u>\$ 33,584,754</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 August 31, 2020. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB 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 0.0372106901% which was an increase of 0.0011183503% 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 used.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 11,626,123	\$ 14,353,826	\$ 18,013,725

**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.

For the year ended August 31, 2022, the District recognized OPEB expense of \$(884,276) and revenue of \$(709,768) for support provided by the State.

At August 31, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 618,000	\$ 6,948,256
Changes in actuarial assumptions	1,589,855	3,035,569
Differences between projected and actual investment earnings	15,584	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,991,022	-
Contributions paid to OPEB subsequent to the measurement date	290,910	-
Total as of fiscal year-end	<u>\$ 4,505,371</u>	<u>\$ 9,983,825</u>

The amount 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 next fiscal year. 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:

For the Year Ended August 31,	OPEB Expense
2023	\$( 1,207,588)
2024	( 1,207,939)
2025	( 1,207,843)
2026	( 830,013)
2027	( 318,495)
Thereafter	( 997,486)

#### **A. 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 accrual Recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on- behalf accruals)
11 - Instruction	\$ 4,212,781	\$( 488,676)	\$ 4,701,457
12 - Instructional resources and media services	85,899	( 8,940)	94,839
13 - Curriculum and staff development	240,911	( 12,740)	253,651
21 - Instructional leadership	139,028	( 11,525)	150,553
23 - School leadership	34,059	( 40,779)	74,838
31 - Guidance, counseling, and evaluation services	392,067	( 38,806)	430,873
33 - Health services	33,331	( 7,850)	41,181
34 - Student transportation	72,944	( 12,375)	85,319
35 - Food service	3,900,703	( 17,516)	3,918,219
36 - Extracurricular activities	( 2,494)	( 17,228)	14,734
41 - General administration	53,817	( 12,170)	65,987
51 - Facilities and maintenance and operations	2,051,168	( 35,371)	2,086,539
52 - Security and monitoring services	5,760	( 2,211)	7,971
53 - Data processing services	193,755	( 3,558)	197,313
61 - Community services	13,368	( 23)	13,391
72 - Bond issuance costs and fees	139,398	-	139,398
	<u>\$ 11,566,495</u>	<u>\$( 709,768)</u>	<u>\$ 12,276,263</u>

**I. Medicare Part D Coverage**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$142,092, \$145,821, and \$135,616 were recognized for the years ended August 31, 2022, 2021, and 2020, respectively, as equal revenues and expenditures.

**J. Active Employee Health Care Coverage**

During the period ended August 31, 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 \$334 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 statewide 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.

**B. 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 May 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 May 31, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

The following is the District’s estimated outstanding liability as of August 31, 2022.

Coverage Period	Aggregate Deductible	Estimated Total Paid Loss & ALAE	Selected Ultimate Loss & ALAE	Net Retained Outstanding Loss & ALAE
2020	\$ 180,077	\$ 82,501	\$ 92,301	\$ 9,800
2021	193,316	38,859	46,398	7,539
2022	174,394	61,561	124,848	70,818
Total				<u>\$ 88,157</u>

## **K. Commitments and Contingencies**

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 on 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. Shared Services Arrangements**

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

## **M. Significant Forthcoming Standards**

GASB 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 be implemented in fiscal year 2023 and the impact has not yet been determined.

GASB 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. GASB 96 will be implemented in fiscal year 2023 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.

**THIS PAGE LEFT BLANK INTENTIONALLY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-1**

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 24,000,000	\$ 24,000,000	\$ 24,082,359	\$ 82,359
5800	State programs	25,467,000	25,467,000	24,681,188	( 785,812)
5900	Federal programs	<u>700,000</u>	<u>700,000</u>	<u>1,173,406</u>	<u>473,406</u>
5020	Total revenues	<u>50,167,000</u>	<u>50,167,000</u>	<u>49,936,953</u>	<u>( 230,047)</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	28,555,982	28,102,783	27,332,079	770,704
0012	Instructional resources and media services	505,966	505,966	474,589	31,377
0013	Curriculum and instructional staff development	459,030	459,030	293,232	165,798
0021	Instructional leadership	712,150	709,150	687,758	21,392
0023	School leadership	2,686,093	2,686,393	2,538,271	148,122
0031	Guidance, counseling and evaluation services	2,102,655	2,098,655	2,020,480	78,175
0033	Health services	529,725	629,725	594,476	35,249
0034	Student (pupil) transportation	2,143,200	2,143,200	1,693,605	449,595
0036	Extracurricular activities	2,083,699	2,081,196	1,963,235	117,961
0041	General administration	2,014,800	1,984,800	1,783,441	201,359
0051	Facilities maintenance and operations	7,308,000	7,568,000	7,299,432	268,568
0052	Security and monitoring services	558,850	563,850	406,073	157,777
0053	Data processing services	881,365	881,365	639,184	242,181
Debt service:					
0071	Principal on long term debt	-	205,176	102,033	103,143
0072	Interest on long term debt	-	324	324	-
Capital Outlay:					
0081	Facilities acquisition and construction	-	230,000	177,868	52,132
Intergovernmental:					
0099	Other intergovernmental charges	<u>615,000</u>	<u>615,000</u>	<u>580,841</u>	<u>34,159</u>
6030	Total expenditures	<u>51,156,515</u>	<u>51,464,613</u>	<u>48,586,921</u>	<u>2,877,692</u>
1100	Excess (deficiency) of revenues over (under) expenditures	( 989,515)	( 1,297,613)	1,350,032	2,647,645
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of real and personal property	-	-	41,977	41,977
7913	Issuance of lease	-	-	7,016	7,016
7080	Total other financing sources (uses)	-	-	<u>48,993</u>	<u>48,993</u>
1200	<b>NET CHANGE IN FUND BALANCE</b>	( 989,515)	( 1,297,613)	1,399,025	2,696,638
0100	<b>FUND BALANCE, BEGINNING</b>	<u>20,420,084</u>	<u>20,420,084</u>	<u>20,420,084</u>	-
3000	<b>FUND BALANCE, ENDING</b>	<u>\$ 19,430,569</u>	<u>\$ 19,122,471</u>	<u>\$ 21,819,109</u>	<u>\$ 2,696,638</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**



**DENISON INDEPENDENT SCHOOL DISTRICT**

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2022

**Budgetary Information**

Budgets are prepared annually for the General Fund, National Breakfast and Lunch Program Fund (special revenue fund), and Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by August 20 and is adopted by the Board at a public meeting after ten days' public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at August 31, 2022 that were provided for in the subsequent year's budget.

**DENISON INDEPENDENT SCHOOL DISTRICT**

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

FOR THE YEAR ENDED AUGUST 31, 2022

Measurement Year Ended August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.0237568%	0.0213593%	0.0233474%
District's proportionate share of net pension liability (asset) \$	6,050,028	\$ 11,439,598	\$ 12,136,721
States proportionate share of the net pension liability (asset) associated with the District	<u>12,076,306</u>	<u>25,014,028</u>	<u>22,472,777</u>
Total	\$ <u>18,126,334</u>	\$ <u>36,453,626</u>	\$ <u>34,609,498</u>
District's covered payroll	\$ 31,455,919	\$ 31,777,526	\$ 29,361,977
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.23%	36.00%	41.33%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%

Note: 10 years of information is required, but information prior to 2014 is not available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0230205%	0.0245013%	0.0248288%	0.0257218%	0.0148228%
\$ 12,671,035	\$ 7,834,199	\$ 9,382,436	\$ 9,092,314	\$ 3,959,374
<u>24,169,278</u>	<u>14,054,242</u>	<u>17,335,072</u>	<u>17,095,382</u>	<u>14,670,278</u>
<u>\$ 36,840,313</u>	<u>\$ 21,888,441</u>	<u>\$ 26,717,508</u>	<u>\$ 26,187,696</u>	<u>\$ 18,629,652</u>
\$ 28,223,304	\$ 27,776,413	\$ 27,552,253	\$ 27,037,717	\$ 25,748,904
44.90%	28.20%	34.05%	33.63%	15.38%
73.74%	82.17%	78.00%	78.43%	83.25%

**DENISON INDEPENDENT SCHOOL DISTRICT**

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

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,095,442	\$ 1,014,667	\$ 881,535
Contribution in relation to the contractually required contribution	<u>( 1,095,442)</u>	<u>( 1,014,667)</u>	<u>( 881,535)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 34,286,407	\$ 34,106,252	\$ 31,777,526
Contributions as a percentage of covered payroll	3.19%	2.98%	2.77%

Note: 10 years of information is required, but information prior to 2015 is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 816,272	\$ 777,341	\$ 803,010	\$ 788,874	\$ 761,635
( 816,272)	( 777,341)	( 803,010)	( 788,874)	( 761,635)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 29,361,977	\$ 28,223,304	\$ 27,776,413	\$ 27,552,253	\$ 27,037,717
2.78%	2.75%	2.89%	2.86%	2.82%

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-4**

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

FOR THE YEAR ENDED AUGUST 31, 2021

Measurement Year Ended August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.0372107%	0.0360923%	0.0352563%	0.0338934%	0.0327220%
District's proportionate share of net OPEB liability (asset)	\$ 14,353,826	\$ 13,720,328	\$ 16,673,129	\$ 16,923,284	\$ 14,229,567
States proportionate share of the net OPEB liability (asset) associated with the District	<u>19,230,928</u>	<u>18,436,832</u>	<u>22,154,856</u>	<u>23,979,737</u>	<u>21,660,937</u>
Total	\$ <u>33,584,754</u>	\$ <u>32,157,160</u>	\$ <u>38,827,985</u>	\$ <u>40,903,021</u>	\$ <u>35,890,504</u>
District's covered employee payroll	\$ 31,455,919	\$ 31,777,526	\$ 29,361,977	\$ 28,223,304	\$ 27,776,413
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	45.63%	43.18%	56.78%	59.96%	51.23%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: 10 years of information is required, but information prior to 2017 is not available.

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-5**

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 290,910	\$ 290,701	\$ 274,862	\$ 249,687	\$ 233,812
Contribution in relation to the contractually required contribution	<u>( 290,910)</u>	<u>( 290,701)</u>	<u>( 274,862)</u>	<u>( 249,687)</u>	<u>( 233,812)</u>
Contribution deficiency (excess)	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
District's covered employee payroll	\$ 34,286,407	\$ 34,106,252	\$ 31,777,526	\$ 29,361,977	\$ 28,223,304
Contributions as a percentage of covered-employee payroll	0.85%	0.85%	0.86%	0.85%	0.83%

Note: 10 years of information is required, but information prior to 2018 is not available.

**THIS PAGE LEFT BLANK INTENTIONALLY**



## **COMBINING STATEMENTS**

**DENISON INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		Special Revenue Funds			
		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	33,921	237,967	199,462	2,841
1300	Inventories	-	-	-	-
1000	Total assets	<u>33,921</u>	<u>237,967</u>	<u>199,462</u>	<u>2,841</u>
<b>LIABILITIES</b>					
2110	Accounts payable	74	-	1,008	29
2160	Accrued wages payable	6,189	28,107	12,955	524
2170	Due to other funds	27,658	209,860	185,499	2,288
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>33,921</u>	<u>237,967</u>	<u>199,462</u>	<u>2,841</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted for:					
3450	Federal or state funds grants	-	-	-	-
3470	Capital acquisition and contractual obligation	-	-	-	-
3490	Instruction	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 33,921</u>	<u>\$ 237,967</u>	<u>\$ 199,462</u>	<u>\$ 2,841</u>

Special Revenue Funds						
240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER-School Emergency Relief II	282 ESSER-School Emergency Relief III
\$ 1,267,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
249,955	11,307	-	84,802	26,043	-	163,363
42,493	-	-	-	-	-	-
<u>1,559,768</u>	<u>11,307</u>	<u>-</u>	<u>84,802</u>	<u>26,043</u>	<u>-</u>	<u>163,363</u>
182,458	-	-	-	-	-	33,000
110,844	-	-	17,394	-	-	4,790
-	11,307	-	67,408	26,043	-	125,573
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>293,302</u>	<u>11,307</u>	<u>-</u>	<u>84,802</u>	<u>26,043</u>	<u>-</u>	<u>163,363</u>
42,493	-	-	-	-	-	-
1,223,973	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,266,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>1,559,768</u>	\$ <u>11,307</u>	\$ <u>-</u>	\$ <u>84,802</u>	\$ <u>26,043</u>	\$ <u>-</u>	\$ <u>163,363</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		Special Reveune Funds			
		288 Title VI, Indian Educ Grant	289 Title IV, Part A, Subpart 1	385 Visually Impaired SSVI	397 Advanced Placement Incentives
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,092
1240	Due from other governments	600	143,531	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>600</u>	<u>143,531</u>	<u>-</u>	<u>5,092</u>
<b>LIABILITIES</b>					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	600	-	-	-
2170	Due to other funds	-	143,531	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	5,092
2000	Total liabilities	<u>600</u>	<u>143,531</u>	<u>-</u>	<u>5,092</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted for:					
3450	Federal or state funds grants	-	-	-	-
3470	Capital acquisition and contractual obligation	-	-	-	-
3490	Instruction	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 600</u>	<u>\$ 143,531</u>	<u>\$ -</u>	<u>\$ 5,092</u>

Special Revenue Funds					
410 State Instructional Materials	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	483 Local Grants	620 Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 478,113	\$ 129,436	\$ 564,061	\$ 2,444,022
103,284	45,033	-	-	-	1,302,109
-	-	-	-	-	42,493
<u>103,284</u>	<u>45,033</u>	<u>478,113</u>	<u>129,436</u>	<u>564,061</u>	<u>3,788,624</u>
36,637	-	5,433	2,468	133,768	394,875
-	-	3,476	1,496	-	186,375
42,317	45,033	-	-	-	886,517
24,330	-	-	-	-	24,330
-	-	-	-	-	5,092
<u>103,284</u>	<u>45,033</u>	<u>8,909</u>	<u>3,964</u>	<u>133,768</u>	<u>1,497,189</u>
-	-	-	-	-	42,493
-	-	-	-	-	1,223,973
-	-	-	-	430,293	430,293
-	-	-	125,472	-	125,472
-	-	469,204	-	-	469,204
<u>-</u>	<u>-</u>	<u>469,204</u>	<u>125,472</u>	<u>430,293</u>	<u>2,291,435</u>
\$ <u>103,284</u>	\$ <u>45,033</u>	\$ <u>478,113</u>	\$ <u>129,436</u>	\$ <u>564,061</u>	\$ <u>3,788,624</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Special Revenue Funds			
		205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	-	-	-
5900	Federal programs	<u>247,020</u>	<u>1,141,910</u>	<u>1,081,140</u>	<u>23,682</u>
5020	Total revenues	<u>247,020</u>	<u>1,141,910</u>	<u>1,081,140</u>	<u>23,682</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	247,020	1,033,912	714,731	23,682
0012	Instructional resources and media services	-	73,920	-	-
0013	Curriculum and instructional staff development	-	11,938	-	-
0021	Instructional leadership	-	300	100,457	-
0023	School leadership	-	8,372	-	-
0031	Guidance, counseling and evaluation services	-	-	265,686	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	266	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	13,468	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	<u>247,020</u>	<u>1,141,910</u>	<u>1,081,140</u>	<u>23,682</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER-School Emergency Relief II	282 ESSER-School Emergency Relief III
\$ 213,107	\$ 720	\$ -	\$ -	\$ -	\$ -	\$ -
94,074	-	-	-	-	-	-
<u>3,789,342</u>	<u>37,186</u>	<u>65,824</u>	<u>177,474</u>	<u>49,667</u>	<u>2,563,085</u>	<u>842,144</u>
<u>4,096,523</u>	<u>37,906</u>	<u>65,824</u>	<u>177,474</u>	<u>49,667</u>	<u>2,563,085</u>	<u>842,144</u>
-	-	65,824	-	49,667	799,343	408,839
-	-	-	-	-	8,754	19,068
-	-	-	177,474	-	4,632	84,415
-	-	-	-	-	11,118	-
-	-	-	-	-	38,451	3,000
-	-	-	-	-	27,282	-
-	-	-	-	-	10,298	-
-	-	-	-	-	35,000	-
3,552,229	37,906	-	-	-	57,648	-
-	-	-	-	-	6,677	-
-	-	-	-	-	14,929	20,924
68,404	-	-	-	-	1,538,934	305,898
-	-	-	-	-	4,116	-
-	-	-	-	-	5,903	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,620,633</u>	<u>37,906</u>	<u>65,824</u>	<u>177,474</u>	<u>49,667</u>	<u>2,563,085</u>	<u>842,144</u>
<u>475,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>790,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,266,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Special Reveune Funds			
		288 Title VI, Indian Educ Grant	289 Title IV, Part A, Subpart 1	385 Visually Impaired SSVI	397 Advanced Placement Incentives
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	-	2,754	-
5900	Federal programs	<u>51,357</u>	<u>213,041</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>51,357</u>	<u>213,041</u>	<u>2,754</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	51,357	99,790	2,754	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	5,163	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	108,088	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	<u>51,357</u>	<u>213,041</u>	<u>2,754</u>	<u>-</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Special Revenue Funds					
410 State Instructional Materials	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	483 Local Grants	620 Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 415,974	\$ 161,438	\$ 11,917	\$ 803,156
382,857	45,033	-	-	-	524,718
-	-	-	-	-	10,282,872
<u>382,857</u>	<u>45,033</u>	<u>415,974</u>	<u>161,438</u>	<u>11,917</u>	<u>11,610,746</u>
382,857	45,033	-	156,100	-	4,080,909
-	-	-	-	-	101,742
-	-	-	-	-	278,459
-	-	-	-	-	111,875
-	-	-	-	-	49,823
-	-	-	-	-	292,968
-	-	-	-	-	15,461
-	-	-	-	-	35,000
-	-	-	-	-	3,647,783
-	-	370,569	-	-	377,512
-	-	-	-	-	35,853
-	-	-	-	-	2,021,324
-	-	-	-	-	4,116
-	-	-	-	-	5,903
-	-	-	-	-	13,468
-	-	-	-	4,408,570	4,408,570
<u>382,857</u>	<u>45,033</u>	<u>370,569</u>	<u>156,100</u>	<u>4,408,570</u>	<u>15,480,766</u>
-	-	45,405	5,338	( 4,396,653)	( 3,870,020)
-	-	423,799	120,134	4,826,946	6,161,455
\$ -	\$ -	\$ 469,204	\$ 125,472	\$ 430,293	\$ 2,291,435

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **REQUIRED TEA SCHEDULES**

**DENISON INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2022

Last Ten Years Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2021
	Maintenance	Debt Service			
2013 and prior years	various	various		various	\$ 181,075
2014	1.170000	0.329200		1,326,312,166	38,998
2015	1.170000	0.329200		1,349,069,570	43,512
2016	1.170000	0.329200		1,384,519,410	47,851
2017	1.170000	0.329200		1,496,209,912	66,748
2018	1.170000	0.329200		1,603,965,648	91,367
2019	1.170000	0.329200		1,798,602,998	152,569
2020	1.068350	0.329200		2,031,368,037	260,583
2021	0.993100	0.329200		2,215,161,234	645,636
2022	0.960300	0.329200		2,412,765,025	-
1000 Totals					\$ <u>1,528,339</u>

20	31	32	40	50
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2022</u>
\$ -	\$ 14,730	\$ 3,918	\$( 443)	\$ 161,984
-	4,145	1,166	( 415)	33,272
-	7,015	1,974	( 353)	34,170
-	10,289	2,895	( 353)	34,314
-	14,308	4,026	( 352)	48,062
-	22,989	6,468	( 352)	61,558
-	( 10,843)	( 3,051)	( 74,372)	92,091
-	60,262	18,569	( 43,632)	138,120
-	246,390	81,675	( 19,810)	297,761
<u>31,112,605</u>	<u>22,613,888</u>	<u>7,752,256</u>	<u>( 116,467)</u>	<u>629,994</u>
<u>\$ 31,112,605</u>	<u>\$ 22,983,173</u>	<u>\$ 7,869,896</u>	<u>\$( 256,549)</u>	<u>\$ 1,531,326</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 551,800	\$ 551,800	\$ 213,107	\$( 338,693)
5800	State program	149,200	149,200	94,074	( 55,126)
5900	Federal program	<u>2,957,000</u>	<u>2,894,000</u>	<u>3,789,342</u>	<u>895,342</u>
5020	Total revenues	<u>3,658,000</u>	<u>3,595,000</u>	<u>4,096,523</u>	<u>501,523</u>
<b>EXPENDITURES</b>					
Current:					
0035	Food service	3,630,700	3,568,700	3,552,229	16,471
0051	Facilities maintenance and operations	<u>-</u>	<u>150,000</u>	<u>68,404</u>	<u>81,596</u>
6030	Total expenditures	<u>3,630,700</u>	<u>3,718,700</u>	<u>3,620,633</u>	<u>98,067</u>
1200	Net change in fund balances	27,300	( 123,700)	475,890	599,590
0100	Fund balance - beginning	<u>790,576</u>	<u>790,576</u>	<u>790,576</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 817,876</u>	<u>\$ 666,876</u>	<u>\$ 1,266,466</u>	<u>\$ 599,590</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 7,718,000	\$ 7,718,000	\$ 8,003,540	\$ 285,540
5800	State program	<u>50,000</u>	<u>50,000</u>	<u>139,398</u>	<u>89,398</u>
5020	Total revenues	<u>7,768,000</u>	<u>7,768,000</u>	<u>8,142,938</u>	<u>374,938</u>
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	4,103,160	4,905,000	4,905,000	-
0072	Interest on long-term debt	3,582,338	2,778,418	2,740,123	38,295
0073	Bond issuance costs and fees	<u>7,000</u>	<u>9,080</u>	<u>9,080</u>	<u>-</u>
6030	Total expenditures	<u>7,692,498</u>	<u>7,692,498</u>	<u>7,654,203</u>	<u>38,295</u>
1200	Net change in fund balances	75,502	75,502	488,735	413,233
0100	Fund balance - beginning	<u>2,914,364</u>	<u>2,914,364</u>	<u>2,914,364</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 2,989,866</u>	<u>\$ 2,989,866</u>	<u>\$ 3,403,099</u>	<u>\$ 413,233</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED AUGUST 31, 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.	\$ 4,207,987
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)	\$ 2,716,170

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.	\$ 251,020
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 113,379



**FEDERAL AWARDS AND OTHER COMPLIANCE SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**



---

**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 of  
Denison Independent School District  
Denison, 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 Denison Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Denison Independent School District's basic financial statements, and have issued our report thereon dated December 13, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Denison Independent School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Denison Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Denison 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or 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 Denison 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  
December 13, 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  
Denison Independent School District  
Denison, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Denison 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 the District’s major federal programs for the year ended August 31, 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 August 31, 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 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.

## **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 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 a 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  
December 13, 2022

**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<b><u>U . S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402101	\$ 113,411
School Breakfast Program (SBP)	10.553	71402201	<u>727,258</u>
Total Assistance Listing Number 10.553			<u>840,669</u>
National School Lunch Program (NSLP)	10.555	71302001	272,650
National School Lunch Program (NSLP)	10.555	71302101	<u>2,256,534</u>
Total passed through the Texas Education Agency			<u>3,369,853</u>
Passed through the Texas Department of Agriculture:			
NSLP - Commodities - Non-cash assistance	10.555	00426 CE	128,392
COVID-19 - Supply Chain Assistance Program	10.555	00426 CE	<u>288,034</u>
Total Assistance Listing Number 10.555			<u>2,945,610</u>
Summer Food Service Program	10.559	00426 CE	<u>37,186</u>
Total Child Nutrition Cluster			<u>3,823,465</u>
COVID-19 - EBT Administration Expense Reimbursement	10.542	01072 CE	<u>3,063</u>
Total passed through the Texas Department of Agriculture			<u>456,675</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>3,826,528</u>
<b><u>U . S. DEPARTMENT OF TREASURY</u></b>			
Passed through City of Denison, Texas:			
Coronavirus Relief Fund (LMRP)	21.019	091903	<u>125,000</u>
Total passed through City of Denison, Texas			<u>125,000</u>
<b>TOTAL U. S. DEPARTMENT OF TREASURY</b>			<u>125,000</u>



**DENISON INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Direct Program:			
Title VI, Indian Education Grant	84.060	S060A202561	<u>51,357</u>
Total Direct Program			<u>51,357</u>
Passed through the Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	20610101091903	37,276
Title I, Part A-Improving Basic Programs	84.010A	22610101091903	<u>1,104,634</u>
Total Assistance Listing Number 84.010			<u>1,141,910</u>
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	226600010919036000	1,081,140
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	226610010919036000	<u>23,682</u>
Total Special Education (IDEA) Cluster			<u>1,104,822</u>
Career and Technical Education - Basic Grants to States	84.048A	22420006091903	65,824
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	22694501091903	177,474
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	20680101091903	13,660
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	22680101091903	<u>199,381</u>
Total Assistance Listing Number 84.424			<u>213,041</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) II	84.425D	21521001091903	2,563,085
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	21528001091903	<u>842,144</u>
Total Assistance Listing Number 84.425			<u>3,405,229</u>
Total passed through the Texas Education Agency			<u>6,108,300</u>
Passed through Region 10 Education Service Center:			
English Language Acquisition State Grants	84.365A	S365A160043	<u>49,667</u>
Total passed through Region 10 Education Service Center			<u>49,667</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u>6,209,324</u>
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through Region 10 Education Service Center:			
Head Start	93.600	06CH10655	<u>247,020</u>
Total Head Start Cluster			<u>247,020</u>
Total passed through Region 10 Education Service Center			<u>247,020</u>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>247,020</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <u>10,407,872</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2022

**GENERAL**

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Denison Independent School District. The District’s reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

**BASIS OF ACCOUNTING**

The SEFA is presented using the modified accrual basis of accounting. The District’s significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the District were provided to subrecipients.

**INDIRECT COSTS**

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

**GRANTOR AGENCY AUDITS AND ADJUSTMENTS**

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 at August 31, 2022, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 11,456,278
E-rate	( 55,968)
School health and related services revenue - not reported on SEFA	( 992,438)
Federal expenditures per the SEFA (Exhibit K-1)	\$ <u>10,407,872</u>

**DENISON INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 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,

that were not considered a material weakness None reported

Material noncompliance to the

financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified,

that were not considered a material weakness None reported

Type of auditor's report 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 programs:

Assistance Listing Numbers:

84.027; 84.173

84.425

Name of Federal Program or Cluster:

Special Education Cluster (IDEA)

COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A

and type B 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

**DENISON INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2022

None.