

DUNCANVILLE

Independent School District

Duncanville, Texas



Annual Financial Report

For the Year Ended June 30, 2023

**DUNCANVILLE
INDEPENDENT SCHOOL
DISTRICT**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2023

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Duncanville Independent School District

Name of School District

Dallas

County

057-907

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and ✓ **approved**/ _____ **disapproved** for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on November 13, 2023.



Signature of Board President



Signature of Board Secretary

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



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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Duncanville Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the "District"), as of and for the year ended June 30, 2023, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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 the 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.

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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit 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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dallas, Texas
November 13, 2023



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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Duncanville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

On a Government-Wide Basis

The District's assets and deferred outflows of resources were exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,694,905 (net deficit). Of this amount, (\$14,072,933) is unrestricted and was in a deficit due to the implementation of GASB 68 and GASB 75 in prior years.

The District's total net position increased by \$12,825,447 during the fiscal year.

The total cost of the District's programs was \$160,860,136 for the year ended June 30, 2023.

In Accordance with Fund Accounting

The District's governmental funds financial statements reported a combined ending fund balance of \$85,922,326. Of this amount, the General Fund includes \$460,029 of nonspendable funds, and \$63,951,250 of unassigned fund balance available for spending at the District's discretion. The Special Revenue and Capital Projects Funds reported a fund balance of \$4,062,822. Of this amount, \$223,685 is nonspendable fund balance and the remaining fund balance is restricted or committed. Fund balance of \$17,448,225 is restricted for use by the Debt Service Funds.

The District's General Fund reported an unassigned fund balance of \$63,951,250 or 53.3% of the total General Fund expenditures for the year ended June 30, 2023.

Overview of the Financial Statements

The Financial Section of this annual comprehensive financial report consists of the *independent auditor's report*, *management's discussion and analysis* (this section), the *basic financial statements*, and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.
- *Governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the financial statements.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

The two government-wide statements, *statement of net position* and *statement of activities*, report the District's *net position* and how it has changed. Net position – the difference of the District's assets, and deferred outflows and resources; less liabilities, and deferred inflows of resources – is one way to measure the District's financial health or *position*.

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

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *governmental activities*. These statements recognize the District's functions, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration as being primarily supported by property taxes and intergovernmental revenues. The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the District's most significant *funds*, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond covenants.

The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

All of the District's funds can be divided into three categories:

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because the focus of the governmental funds is shorter-term than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. In addition, reconciliations are provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to aid in the comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found on Exhibits C-1, C-2, C-3, and C-4 of this report.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. There are two types of proprietary funds:

Internal Service Funds are used to report activities that provide supplies and services for the District's other programs and activities, such as the District's Worker's Compensation Self Insurance Fund.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District does not maintain any enterprise funds.

The basic proprietary fund financial statements can be found on Exhibits D-1, D-2, and D-3 of this report.

Fiduciary Funds. The District is the custodian, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on Exhibits E-1 and E-2 of this report. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its 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 and fund financial statements. The notes to the financial statements can be found beginning on page 29 of this report.

Other Information. This report also presents certain required supplementary information, combining schedules, and other information required by the Texas Education Agency that further explains and supports the information in the financial statements. The required supplementary information, combining schedules, and other TEA required information can be found beginning on page 60 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$7,694,905 (net deficit) at the close of the most recent fiscal year.

A portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in 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.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The District's Net Position

| | Governmental Activities | |
|---|--------------------------------|------------------------|
| | 2023 | 2022 |
| Assets | | |
| Current and other assets | \$ 117,917,084 | \$ 97,528,705 |
| Capital assets, net | 184,437,805 | 195,416,305 |
| Total Assets | 302,354,889 | 292,945,010 |
| Deferred Outflows of Resources | | |
| Deferred outflows | 23,183,926 | 19,016,435 |
| Total Deferred Outflows of Resources | 23,183,926 | 19,016,435 |
| Liabilities | | |
| Current liabilities | 26,628,721 | 25,894,749 |
| Non-current liabilities | 264,972,905 | 257,806,414 |
| Total Liabilities | 291,601,626 | 283,701,163 |
| Deferred Inflows of Resources | | |
| Deferred inflows | 41,632,094 | 48,780,634 |
| Total Deferred Inflows of Resources | 41,632,094 | 48,780,634 |
| Net Position | | |
| Net investment in capital assets | (13,322,799) | (13,146,889) |
| Restricted | 19,700,827 | 12,866,818 |
| Unrestricted | (14,072,933) | (20,240,281) |
| Total Net Position | \$ (7,694,905) | \$ (20,520,352) |

Net position of the District's governmental activities increased approximately 63% from a net deficit of \$20,520,352 to a net deficit of \$7,694,905. Significant changes in net position from the prior year are explained as follows:

Total assets increased mainly because due from other governments was over \$10 million more at the end of current year compared to the balance at the end of the prior fiscal year. The increase is due to federal funds and state aid funds that had not been received as of the balance sheet date.

Deferred outflows, net pension liability, net other post-employment liability, and deferred inflows changed due to assignment of pension liability and other post-employment benefits liability from the Teacher Retirement System.

Change in Net Position. The District's total revenues were \$173,685,583. 29.2% of the District's revenues comes from state allocations – formula grants and 46.6% from property taxes. 20.3% of revenues relates to grants and contributions (including federal funds). The increase in net position resulted primarily from an increase in property taxes of approximately \$7.5 million offset by an overall increase in total expenses of approximately \$1.4 million.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in the District's Net Position

| | Governmental Activities | |
|---|--------------------------------|------------------------|
| | 2023 | 2022 |
| Revenues | | |
| Program Revenues: | | |
| Charges for services | \$ 1,477,788 | \$ 1,136,968 |
| Operating grants & contributions | 35,312,470 | 34,196,421 |
| General Revenues: | | |
| Property taxes | 81,033,699 | 73,483,579 |
| State aid (grants) | 50,782,465 | 56,315,372 |
| Investment earnings | 2,923,988 | 134,128 |
| Miscellaneous local and intermediate - other | 2,155,173 | 1,530,716 |
| Total Revenues | 173,685,583 | 166,797,184 |
| Expenses | | |
| Instruction | 74,728,834 | 75,001,727 |
| Instructional resources and media services | 1,780,015 | 1,760,796 |
| Curriculum and staff development | 4,473,519 | 4,238,118 |
| Instructional leadership | 5,657,994 | 4,300,277 |
| School leadership | 8,773,066 | 8,741,815 |
| Guidance, counseling, and evaluation services | 6,240,991 | 5,806,401 |
| Social work services | 233,006 | 182,463 |
| Health services | 1,584,305 | 1,143,792 |
| Student transportation | 4,850,471 | 4,484,216 |
| Food service | 7,163,629 | 7,452,274 |
| Extracurricular activities | 4,754,919 | 4,656,640 |
| General administration | 5,229,620 | 5,574,483 |
| Facilities maintenance and operations | 18,615,822 | 17,005,309 |
| Security and monitoring services | 2,317,604 | 2,088,477 |
| Data processing services | 7,176,735 | 4,995,182 |
| Community services | 686,526 | 704,511 |
| Debt Service - Interest on long-term debt | 6,028,207 | 11,071,661 |
| Facility repairs and maintenance | 277,043 | - |
| Payments to JJAEP | 11,892 | 14,970 |
| Other intergovernmental charges | 275,938 | 267,794 |
| Total Expenses | 160,860,136 | 159,490,906 |
| Change in net position | 12,825,447 | 7,306,278 |
| Beginning Net Position | (20,520,352) | (27,826,630) |
| Ending Net Position | \$ (7,694,905) | \$ (20,520,352) |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds

Revenues of the General Fund totaled \$121,703,018, an increase of -less than 1% compared to the preceding period's General Fund revenues. Local revenues increased by 13.8% primarily due to an increase in property taxes, state revenues decreased 9.9% due to decreases in state aid from state aid due to decreases in enrollment. Federal revenues in the General Fund decreased by -66.1% related to less SHARS money in the General Fund received in the current year.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$86.0 million. Approximately 74% of this total amount or \$64 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$17.4 million, 2) restricted for capital projects \$107 thousand, 3) restricted for federal and state grants \$3.1 million, 4) committed or assigned for other purposes \$644 thousand, and 5) nonspendable \$684 thousand.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$64 million.

The general fund reported an ending fund balance of \$64.4 million. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$1.5 million. The increase in fund balance was the result of an overall increase in property tax revenue while expenditures stayed consistent with prior period. Additionally, in prior year, there was a significant transfer of funds to the Child Nutrition Fund.

The debt service fund has a total fund balance of \$17.4 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$4.8 million. The increase is due to increased property tax revenue and revenues exceeding the debt service requirements for the fiscal year.

The nonmajor governmental funds has a total fund balance of \$4.1 million which represents an increase of \$1.4 million. This increase is mainly due to the Child Nutrition Fund's revenues exceeding expenditures during the fiscal year by \$1.2 million.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. Changes to the general fund budget are summarized below:

| | | |
|----------------------------|----------------|-----------------------|
| Total Revenues | \$ 124,685,301 | \$ 124,686,859 |
| Total Expenditures | 124,685,301 | 127,574,089 |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ (2,887,230)</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2023, the District had invested \$415,588,019 in a broad range of capital assets, including land, land improvements, buildings and improvements, furniture and equipment, right to use leased assets and subscription-based IT arrangements. This amount represents a net increase of \$1,560,397 or 0.4% more than last year.

The District's Capital Assets

| | Governmental Activities | |
|--|--------------------------------|---------------------------|
| | 2023 | 2022 |
| Land | \$ 5,151,359 | \$ 5,151,359 |
| Buildings and improvements | 376,987,077 | 367,117,076 |
| Furniture and equipment | 31,214,996 | 30,956,126 |
| Right-to-use leased assets | 1,340,680 | 995,744 |
| Subscription based IT arrangements (SBITA) assets | 893,907 | - |
| Construction in progress | - | 9,807,317 |
| Totals at Historical Costs | 415,588,019 | 414,027,622 |
| Total Accumulated Depreciation/Amortization | (231,150,214) | (218,611,317) |
| Net Capital Assets | \$ 184,437,805 | \$ 195,416,305 |

More detailed information about the District's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At June 30, 2023, the District had \$201,682,259 in bonds payable. More detailed information about the District's debt is presented in Note 9 to the financial statements.

| | 2023 | 2022 | Total % Change |
|----------------------------|-----------------------|-----------------------|-----------------------|
| General obligation bonds | 180,145,000 | \$ 189,615,000 | -5% |
| Accreted interest | 94,742 | 17,363 | 446% |
| Bond premium & CAB premium | 20,774,474 | 22,994,281 | -10% |
| SBITA liability | 511,393 | 893,907 | -43% |
| RTU lease liability | 668,043 | 1,005,830 | -34% |
| | \$ 202,193,652 | \$ 214,526,381 | -6% |

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "Aa3" and Standard & Poor's "AA-".

Economic Factors and Next Year's Budgets and Rates

- 2023 budget reflects a negligible increase from the prior year of .01%
- The District's refined average daily attendance (ADA) was based on no student growth
- Tax rates set for 2022-2023:
 - M & O Rate from \$0.9796 to \$0.9329
 - I & S Rate reduced from \$0.34 to \$0.32

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS



DUNCANVILLE ISD
Writing success stories, one student at a time.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

Exhibit A-1

| Data Control Codes | | Governmental Activities |
|---------------------------------------|---|------------------------------------|
| Assets | | |
| 1110 | Cash and cash equivalents | \$ 92,310,632 |
| 1220 | Delinquent property taxes receivables | 3,835,152 |
| 1230 | Allowance for uncollectable taxes (credit) | (188,473) |
| 1240 | Due from other governments | 21,276,059 |
| 1300 | Inventories | 327,299 |
| 1410 | Prepaid items | 356,415 |
| | Capital Assets, not subject to depreciation/amortization: | |
| 1510 | Land | 5,151,359 |
| | Capital Assets, net of accumulated depreciation/amortization: | |
| 1520 | Buildings and improvements, net | 175,379,865 |
| 1530 | Furniture and equipment, net | 2,758,823 |
| 1553 | Subscription based IT arrangements (SBITA) assets, net | 496,950 |
| 1559 | Right-to-use lease assets, net | 650,808 |
| 1000 | Total Assets | 302,354,889 |
| Deferred Outflows of Resources | | |
| | Deferred charge on refunding | 1,154,135 |
| | Deferred outflows - pension | 15,280,315 |
| | Deferred outflows - OPEB | 6,749,476 |
| 1700 | Total Deferred Outflows of Resources | 23,183,926 |
| Liabilities | | |
| 2110 | Accounts payable | 1,125,696 |
| 2140 | Interest payable | 2,710,116 |
| 2150 | Payroll deductions & withholdings | 3,300,535 |
| 2160 | Accrued wages payable | 10,258,216 |
| 2180 | Due to other governments | 9,132,096 |
| 2200 | Accrued expenses | 60,762 |
| 2300 | Unearned revenue | 41,300 |
| | Noncurrent Liabilities: | |
| 2501 | Due within one year | 10,875,011 |
| 2502 | Due in more than one year | 191,318,641 |
| 2540 | Net pension liability | 40,505,846 |
| 2545 | Net OPEB liability | 22,273,407 |
| 2000 | Total Liabilities | 291,601,626 |
| Deferred Inflows of Resources | | |
| | Deferred inflows - pension | 4,246,835 |
| | Deferred inflows - OPEB | 37,385,259 |
| 2600 | Total Deferred Inflows of Resources | 41,632,094 |
| Net Position | | |
| 3200 | Net investment in capital assets | (13,322,799) |
| | Restricted for: | |
| 3820 | Federal and state programs | 3,091,722 |
| 3850 | Debt service | 16,609,105 |
| 3900 | Unrestricted | (14,072,933) |
| 3000 | Total Net Position | \$ (7,694,905) |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit B-1
Page 1 of 2

| Data Control Codes | Functions/Programs | Expenses | Program Revenues | |
|--------------------------|---|-----------------------|-------------------------|---------------------------------------|
| | | | Charges for Services | Operating Grants and Contributions |
| | Governmental Activities: | | | |
| 11 | Instruction | \$ 74,728,834 | \$ 122,932 | \$ 9,581,911 |
| 12 | Instructional resources and media services | 1,780,015 | - | 108,498 |
| 13 | Curriculum and staff development | 4,473,519 | - | 1,890,530 |
| 21 | Instructional leadership | 5,657,994 | - | 2,042,162 |
| 23 | School leadership | 8,773,066 | - | 599,983 |
| 31 | Guidance, counseling, and evaluation services | 6,240,991 | - | 932,036 |
| 32 | Social work services | 233,006 | - | 147,039 |
| 33 | Health services | 1,584,305 | - | 2,472,211 |
| 34 | Student transportation | 4,850,471 | - | 832,257 |
| 35 | Food service | 7,163,629 | 615,759 | 7,442,846 |
| 36 | Extracurricular activities | 4,754,919 | 660,419 | 206,152 |
| 41 | General administration | 5,229,620 | - | 334,533 |
| 51 | Facilities maintenance and operations | 18,615,822 | 78,678 | 4,915,273 |
| 52 | Security and monitoring services | 2,317,604 | - | 419,211 |
| 53 | Data processing services | 7,176,735 | - | 2,908,389 |
| 61 | Community services | 686,526 | - | 283,966 |
| 72 | Interest expense | 6,028,207 | - | 195,473 |
| 81 | Facility repairs and maintenance | 277,043 | - | - |
| 95 | Payments to JJAEP | 11,892 | - | - |
| 99 | Other intergovernmental charges | 275,938 | - | - |
| TG | Total Governmental Activities | <u>\$ 160,860,136</u> | <u>\$ 1,477,788</u> | <u>\$ 35,312,470</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Exhibit B-1

Page 2 of 2

| Data Control Codes | Functions/Programs | Net (Expense) Revenue and Changes in Net Position | |
|--------------------------|---|---|----------------------|
| | | Governmental Activities | |
| | Governmental Activities: | | |
| 11 | Instruction | \$ | (65,023,991) |
| 12 | Instructional resources and media services | | (1,671,517) |
| 13 | Curriculum and staff development | | (2,582,989) |
| 21 | Instructional leadership | | (3,615,832) |
| 23 | School leadership | | (8,173,083) |
| 31 | Guidance, counseling, and evaluation services | | (5,308,955) |
| 32 | Social work services | | (85,967) |
| 33 | Health services | | 887,906 |
| 34 | Student transportation | | (4,018,214) |
| 35 | Food service | | 894,976 |
| 36 | Extracurricular activities | | (3,888,348) |
| 41 | General administration | | (4,895,087) |
| 51 | Facilities maintenance and operations | | (13,621,871) |
| 52 | Security and monitoring services | | (1,898,393) |
| 53 | Data processing services | | (4,268,346) |
| 61 | Community services | | (402,560) |
| 72 | Interest expense | | (5,832,734) |
| 81 | Facility repairs and maintenance | | (277,043) |
| 95 | Payments to JJAEP | | (11,892) |
| 99 | Other intergovernmental charges | | (275,938) |
| TG | Total Governmental Activities | | <u>(124,069,878)</u> |
| | General Revenues: | | |
| | Taxes: | | |
| MT | Property taxes, levied for general purposes | | 60,339,708 |
| DT | Property taxes, levied for debt service | | 20,693,991 |
| SF | State-aid formula grants | | 50,782,465 |
| IE | Investment earnings | | 2,923,988 |
| MI | Miscellaneous | | 2,155,173 |
| TR | Total General Revenues | | <u>136,895,325</u> |
| CN | Change in net position | | 12,825,447 |
| NB | Net Position - Beginning | | <u>(20,520,352)</u> |
| NE | Net Position - Ending | \$ | <u>(7,694,905)</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2023

| Data Control Codes | | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|----------------------|----------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| 1110 | Cash and cash equivalents | \$ 69,190,500 | \$ 17,425,594 | \$ 5,096,191 | \$ 91,712,285 |
| | Receivables: | | | | |
| 1220 | Delinquent property taxes receivables | 2,833,692 | 1,001,460 | - | 3,835,152 |
| 1230 | Allowance for uncollectible taxes (credit) | (139,236) | (49,237) | - | (188,473) |
| 1240 | Receivables from other governments | 17,159,561 | 5,906 | 4,110,592 | 21,276,059 |
| 1260 | Due from other funds | 3,158,962 | - | 258 | 3,159,220 |
| 1300 | Inventories | 103,614 | - | 223,685 | 327,299 |
| 1410 | Prepaid items | 356,415 | - | - | 356,415 |
| 1000 | Total Assets | \$ 92,663,508 | \$ 18,383,723 | \$ 9,430,726 | \$ 120,477,957 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts payable | \$ 779,321 | \$ - | \$ 346,375 | \$ 1,125,696 |
| 2150 | Payroll deduction and withholdings payable | 3,213,426 | - | 87,109 | 3,300,535 |
| 2160 | Accrued wages payable | 9,615,319 | - | 642,897 | 10,258,216 |
| 2170 | Due to other funds | 258 | - | 4,251,923 | 4,252,181 |
| 2180 | Due to other governments | 9,132,096 | - | - | 9,132,096 |
| 2300 | Unearned revenue | 1,700 | - | 39,600 | 41,300 |
| 2000 | Total Liabilities | 22,742,120 | - | 5,367,904 | 28,110,024 |
| Deferred Inflows of Resources | | | | | |
| | Unavailable revenue | 5,510,109 | 935,498 | - | 6,445,607 |
| 2600 | Total Deferred Inflows of Resources | 5,510,109 | 935,498 | - | 6,445,607 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | 103,614 | - | 223,685 | 327,299 |
| 3430 | Prepaid Items | 356,415 | - | - | 356,415 |
| Restricted for: | | | | | |
| 3450 | Grants | - | - | 3,091,722 | 3,091,722 |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | 106,995 | 106,995 |
| 3480 | Debt service | - | 17,448,225 | - | 17,448,225 |
| Committed for: | | | | | |
| 3545 | Other/campus activity funds | - | - | 644,147 | 644,147 |
| 3600 | Unassigned | 63,951,250 | - | (3,727) | 63,947,523 |
| 3000 | Total Fund Balances | 64,411,279 | 17,448,225 | 4,062,822 | 85,922,326 |
| 4000 | Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 92,663,508 | \$ 18,383,723 | \$ 9,430,726 | \$ 120,477,957 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL
FUNDS TO STATEMENT OF NET POSITION
June 30, 2023

Exhibit C-2

| <u>Data Control Codes</u> | | |
|-----------------------------------|--|-----------------------|
| | Total Fund Balance, Governmental Funds | \$ 85,922,326 |
| | Amounts reported for governmental activities in the statement of net position (A-1) are different because: | |
| 1 | Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable. | 184,437,805 |
| 2 | Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements. | 6,445,607 |
| 3 | Deferred charges on refunding | 1,154,135 |
| 4 | Deferred outflows of resources - pension related | 15,280,315 |
| 5 | Deferred outflows of resources - OPEB related | 6,749,476 |
| | Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | |
| 6 | General obligation bonds | (180,145,000) |
| 7 | Premium on bonds | (17,697,298) |
| 8 | Accreted interest on capital appreciation bonds | (3,171,918) |
| 9 | Right to Use lease liability | (668,043) |
| 10 | SBITA liability | (511,393) |
| 11 | Net pension liability | (40,505,846) |
| 12 | Net OPEB liability | (22,273,407) |
| 13 | Accrued interest payable | (2,710,116) |
| 14 | Deferred inflows of resources - pension related | (4,246,835) |
| 15 | Deferred inflows of resources - OPEB related | (37,385,259) |
| 16 | The District uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 1,630,546 |
| 19 | Total Net Position - Governmental Activities | \$ (7,694,905) |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit C-3

| Data Control Codes | | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|--|----------------------|------------------------------|--|---|
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ 64,381,171 | \$ 20,972,066 | \$ 1,725,965 | \$ 87,079,202 |
| 5800 | State program revenues | 56,530,680 | 839,114 | 475,857 | 57,845,651 |
| 5900 | Federal program revenues | 791,167 | - | 30,498,017 | 31,289,184 |
| 5020 | Total Revenues | 121,703,018 | 21,811,180 | 32,699,839 | 176,214,037 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 62,388,089 | - | 8,540,031 | 70,928,120 |
| 0012 | Instructional resources and media services | 1,551,630 | - | 133,863 | 1,685,493 |
| 0013 | Curriculum and staff development | 3,091,988 | - | 1,779,949 | 4,871,937 |
| 0021 | Instructional leadership | 3,881,314 | - | 1,917,557 | 5,798,871 |
| 0023 | School leadership | 8,689,276 | - | 451,687 | 9,140,963 |
| 0031 | Guidance, counseling and evaluation services | 5,621,631 | - | 842,057 | 6,463,688 |
| 0032 | Social work services | 104,164 | - | 142,517 | 246,681 |
| 0033 | Health services | 1,542,980 | - | 130,537 | 1,673,517 |
| 0034 | Student transportation | 3,543,965 | - | 800,015 | 4,343,980 |
| 0035 | Food services | - | - | 7,070,230 | 7,070,230 |
| 0036 | Extracurricular activities | 4,096,006 | - | 734,185 | 4,830,191 |
| 0041 | General administration | 4,601,624 | - | 272,879 | 4,874,503 |
| 0051 | Facilities maintenance and operations | 13,523,855 | - | 4,907,696 | 18,431,551 |
| 0052 | Security and monitoring services | 1,943,752 | - | 451,645 | 2,395,397 |
| 0053 | Data processing services | 3,715,028 | - | 2,887,209 | 6,602,237 |
| 0061 | Community services | 439,019 | - | 271,377 | 710,396 |
| Debt service: | | | | | |
| 0071 | Principal and interest on long-term debt | 535,237 | 9,470,000 | 185,064 | 10,190,301 |
| 0072 | Interest on long-term debt | 50,136 | 7,532,231 | 10,409 | 7,592,776 |
| Capital outlay: | | | | | |
| 0081 | Facilities acquisition and construction | 339,727 | - | - | 339,727 |
| Intergovernmental: | | | | | |
| 0095 | Payments to Juvenile Justice Alt. Ed. Prgm. | 11,892 | - | - | 11,892 |
| 0099 | Other intergovernmental charges | 275,938 | - | - | 275,938 |
| 6030 | Total Expenditures | 119,947,251 | 17,002,231 | 31,528,907 | 168,478,389 |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | - | 210,473 | 210,473 |
| 8911 | Transfers out | (210,473) | - | - | (210,473) |
| 7080 | Total Other Financing Sources (Uses) | (210,473) | - | 210,473 | - |
| 1200 | Net change in fund balances | 1,545,294 | 4,808,949 | 1,381,405 | 7,735,648 |
| 0100 | Fund Balance - Beginning | 62,865,985 | 12,639,276 | 2,681,417 | 78,186,678 |
| 3000 | Fund Balance - Ending | \$ 64,411,279 | \$ 17,448,225 | \$ 4,062,822 | \$ 85,922,326 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit C-4

| Data Control Codes | | |
|-----------------------------------|---|----------------------|
| | Net Change in Fund Balances - Total Governmental Funds (from C-3) | \$ 7,735,648 |
| | Amounts reported for governmental activities in the statement of activities (B-1) are different because: | |
| | Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | |
| 1 | Capitalized expenditures reclassified to assets | 321,554 |
| 2 | Depreciation and amortization expense taken to Statement of Activities | (12,193,961) |
| 3 | Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 2,035,758 |
| 4 | Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 9,470,000 |
| 5 | Repayment of lease and SBITA liability principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 720,301 |
| | Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds: | |
| 6 | Amortization of bond premiums | 1,880,792 |
| 7 | Accreted interest on capital appreciation bonds | 261,636 |
| 8 | Increase in interest payable not recognized in fund statements | (201,293) |
| 9 | Amortization of deferred gain on refunding | (376,566) |
| 10 | Changes in net pension liabilities and related deferred outflows and inflows of resources | (544,385) |
| 11 | Changes in net OPEB liabilities and related deferred outflows and inflows of resources | 3,794,160 |
| 12 | The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net position. | (78,197) |
| 13 | Change in Net Position of Governmental Activities (see B-1) | \$ 12,825,447 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit D-1***STATEMENT OF NET POSITION****PROPRIETARY FUNDS***June 30, 2023*

| | Governmental Activities |
|-----------------------------|---|
| | Total Internal Service Funds |
| Assets | |
| Current Assets: | |
| Cash and cash equivalents | \$ 598,347 |
| Receivables: | |
| Due from other funds | 1,092,961 |
| Total Assets | <u>1,691,308</u> |
| Liabilities | |
| Current Liabilities: | |
| Accrued expenses | 60,762 |
| Total Liabilities | <u>60,762</u> |
| Net Position | |
| Unrestricted | 1,630,546 |
| Total Net Position | <u>\$ 1,630,546</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit D-2

| | <u>Governmental Activities</u> |
|---|---|
| | <u>Total Internal Service Funds</u> |
| Operating Revenues | |
| Total local and intermediate sources | \$ 127,772 |
| State program revenues | <u>7,743</u> |
| Total Operating Revenues | <u>135,515</u> |
| Operating Expenses | |
| Payroll costs | 104,698 |
| Supplies and materials | <u>109,014</u> |
| Total Operating Expenses | <u>213,712</u> |
| Change in Net Position | (78,197) |
| Net Position - July 1 (Beginning) | <u>1,708,743</u> |
| Net Position - June 30 (Ending) | <u><u>\$ 1,630,546</u></u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2023

Exhibit D-3

| | Governmental Activities |
|---|---|
| | Total Internal Service Funds |
| Cash Flows from Operating Activities: | |
| Internal activity - payment to other funds | \$ 135,515 |
| Cash payments to employees for services | (102,117) |
| Cash payments for suppliers | (109,014) |
| Net Cash Provided by (Used for) Operating Activities | (75,616) |
| Net Change in Cash and Cash Equivalents | (75,616) |
| Cash and Cash Equivalents at Beginning of Year | 673,963 |
| Cash and Cash Equivalents at End of Year | \$ 598,347 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | |
| Operating Income (Loss) | \$ (78,197) |
| Change in Assets, Liabilities, Deferred Inflows and Outflows: | |
| Increase (decrease) in accrued expenses | 2,581 |
| Net Cash Provided by (Used for) Operating Activities | \$ (75,616) |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit E-1***STATEMENT OF NET POSITION****FIDUCIARY FUNDS***June 30, 2023*

| | <u>Custodial Funds</u> |
|---|---------------------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 157,066</u> |
| Total Assets | <u>157,066</u> |
| Liabilities | |
| Accounts payable | <u>36,036</u> |
| Total Liabilities | <u>36,036</u> |
| Net Position | |
| Restricted for scholarships and other activities | <u>121,030</u> |
| Total Net Position | <u><u>\$ 121,030</u></u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit E-2***STATEMENT OF CHANGES IN NET POSITION****FIDUCIARY FUNDS*****For the Year Ended June 30, 2023***

| | <u>Custodial Funds</u> |
|--|--------------------------|
| Additions | |
| Miscellaneous revenues from student groups | <u>\$ 434,379</u> |
| Total Additions | <u>434,379</u> |
| Deductions | |
| Scholarships awarded | 2,000 |
| Student activities | <u>438,960</u> |
| Total Deductions | <u>440,960</u> |
| Change in net position | (6,581) |
| Total Net Position July 1 (Beginning) | <u>127,611</u> |
| Total Net Position June 30 (Ending) | <u><u>\$ 121,030</u></u> |

Note 1 - Summary of Significant Accounting Policies

Duncanville Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources; and it complies with the requirements of the appropriate version of 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. The following is a summary of the more significant accounting policies of the District.

Reporting Entity

The Board of Trustees (the Board) is elected by the public and it has 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 the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Duncanville Independent School District non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

The fund financial statements provide 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 emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 are non-operating.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected 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 service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the proprietary funds Statement of Net Position. Net position is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Fund Accounting

The District reports the following major governmental funds:

General Fund

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund

The debt service fund is utilized to account for the accumulation of resources and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.

Additionally, the District reports the following nonmajor fund type(s):

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental Funds

Special Revenue Funds

The District accounts for resources restricted to, or designated for, specific purposes by the District or a 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

The capital projects fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purpose.

Proprietary Funds

Internal Service Funds

Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are for transportation and the District's Worker's Compensation Self-Insurance Fund.

Fiduciary Funds

Custodial Funds

The District accounts for resources held for others in a custodial capacity in custodial funds. The District accounts for resources held for others in a custodial capacity in a custodial fund. The District's custodial fund are the student activity fund and various scholarship funds. The fund is used to account for assets held by the District as a custodian for student and other organizations.

Financial Statement Accounts

Cash and Cash Equivalents

For the purposes of the statement of cash flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Investments

In accordance with GASB Statement Nos. 31 and 72, the District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

Inventories of Supplies and Materials

Supplies and materials to be utilized in governmental funds are recorded as expenditures under the consumption method. Under the consumption method, cost is recorded as an expenditure in the period supplies and materials are utilized. Supplies and materials purchased for the subsequent year are recorded by specific identification. All inventories are capitalized at cost using the first-in, first-out valuation method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Property Taxes

Property taxes are levied by October 1, on the assessed value listed as of January 1 for all real 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 are 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 within 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.

Delinquent taxes are prorated between maintenance and debt service 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. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, right to use leased equipment and subscription-based IT arrangements (SBITA) assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (except for intangible right to use leased and SBITA assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost (except for intangible right to use leased and SBITA assets) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Land is not depreciated. The other tangible and intangible property, equipment, the right to use leased equipment, SBITA assets and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

| Asset Class | Years |
|------------------------------------|-------|
| Buildings | 50 |
| Building Improvements | 7-30 |
| Vehicles | 5-10 |
| Office Equipment | 5-20 |
| Computer Equipment | 5 |
| Right to Use Asset | 3-5 |
| Subscription Based IT Arrangements | 2-5 |

Leases

The District is a lessee for noncancellable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$25,000 or more.

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 the shorter of the lease term or its useful life.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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. 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, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Subscription-Based Information Technology Arrangements (SBITA)

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$25,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA 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 SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

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

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Deferred Outflows/Inflows of Resources(continued)

A *deferred outflow of resources* is a consumption of a government's net assets (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 has three items that qualify for reporting in this category:

- *Deferred charge on refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of 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 relating to pension activities* – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in the District's proportional share of pension liabilities, 2) changes in actuarial assumptions; and 3) differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred outflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) changes in the District's proportional share of post-employment liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on post-employment plan investments. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the postemployment benefit plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (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 has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in the District's proportional share of pension liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on pension plan investments. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Long-Term Debt

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 governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation until expended or accrued as a liability of the fund, is employed as an integral part of the accounting system. There were no material encumbrances outstanding as of year-end.

Data Control Codes

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school 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. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2023 will change.

Pension

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.

Other Post-Employment Benefits (OPEB)

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

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Balance

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts that are not in spendable form or are required to be maintained intact. At June 2023, the District's nonspendable fund balance totals \$683,714.
- **Restricted fund balance** – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. At June 30, 2023, the District's restricted fund balance totals \$20,646,942.
- **Committed fund balance** – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The District has committed 100 percent of fund 461 Campus Activity Funds' fund balance as well as for future expenditures related to the purchase of band equipment, school buses, technology, instructional materials, and property insurance. At June 30, 2023, the District's committed fund balance totals \$644,147.
- **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority. There is no amount of fund balance assigned at the end of the year.
- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose. When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

At June 30, 2023, the Local Miscellaneous Grant, a special revenue fund, had a net deficit fund balance of \$3,727.

Net Position

Net Position on the Statement of Net Position includes the following:

- **Net investment in capital assets** - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- **Restricted for federal and state programs** - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Net Position (continued)

- *Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Implementation of New Accounting Standards

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*, was issued in May 2020 and was effective for periods beginning after June 15, 2022. 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. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an “appropriated budget” on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Child Nutrition Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budgetary Comparison and Schedule and Child Nutrition Budgetary Comparison and Schedule appear as required supplementary information (Exhibits G-1 and G-2, respectively) and the Debt Service Budgetary Comparison and Schedule is reflected as other supplementary information (Exhibit J-2).

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

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.
4. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not be exceeded in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

Note 3 - Deposits and Investments

Cash Deposits: The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

On June 30, 2023, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$9,968,826 and the bank balance was \$12,043,649. The District's cash deposits on June 30, 2023, were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act (Government Code Chapter 2256). Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The State Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The investment 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. Statutes authorize the District to invest in (1) obligations of the United States Treasury, certain United States agencies, and obligations of the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. Management of the District believes it is in compliance with the requirements of the Act and with local policies.

The District's investments are in investment pools that are measured either at net asset value or at amortized cost and are exempt for fair value reporting.

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

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the Act), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

Note 4 - Deposits and Investments

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors- Investment Managers, CAPTRUST Financial Advisors- Investment Consultant, State Street Bank- Custodian, and First Public- Administration. In combination with these third party organizations, the pool has received an AAA rating from Standard & Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Southwest Asset Management, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM. J.P. Morgan Chase provides custody, fund accounting and transfer agency services. LOGIC may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by on NRSRO and is fully secured by an irrevocable letter of credit.

Furthermore, Public Trust Advisors, LLC provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian. The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator. The Fund is rated AAA by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. TexPool is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

Note 4 - Deposits and Investments (continued)

At June 30, 2023, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

| | <u>Carrying Value</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Rating</u> |
|-----------------------------------|-----------------------|---|----------------------|
| Cash and Deposits: | | | |
| Governmental Activities | \$ 9,907,201 | | |
| Fiduciary Funds | <u>61,625</u> | | |
| Total Cash and Deposits | <u>9,968,826</u> | | |
| Investments | | | |
| Governmental Activities: | | | |
| Logic Investment Pool | 116,959 | 40 | |
| TexPool Investment Pool | 27,575,648 | 26 | AAAm |
| Lone Star Investment Pool | 53,263,326 | 23 | AAA |
| Texas CLASS | 1,447,498 | 26 | AAAm |
| Fiduciary Funds: | | | |
| Lone Star Investment Pool | <u>95,441</u> | 23 | AAA |
| Total Investments | <u>82,498,872</u> | 24 | |
| Total Cash and Investments | <u>\$ 92,467,698</u> | | |

Due to the immediate availability of the funds, the District's temporary investments at June 30, 2023 are included in cash and cash equivalents. Local government investment pools are recorded at amortized cost which approximates fair value. TexPool, Lone Star and TexStar do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on page 39 presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District's name.

Concentration of Credit Risk

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

Note 4 - Deposits and Investments (continued)

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each investment pool is less than 90 days.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2023, the District was not exposed to foreign currency risk.

Note 5 - Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Amounts due from federal and state governments as of June 30, 2023, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

| Fund | Local | State Entitlements | Federal Grants | Total |
|------------------------|-----------------|-------------------------------|-----------------------|----------------------|
| General | \$ - | \$ 14,294,932 | \$ 2,864,629 | \$ 17,159,561 |
| Debt service fund | 5,906 | - | - | 5,906 |
| Non-major governmental | - | - | 4,110,592 | 4,110,592 |
| Total | \$ 5,906 | \$ 14,294,932 | \$ 6,975,221 | \$ 21,276,059 |

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

| Fund | Interfund Receivable | Interfund Payable |
|------------------------|---------------------------------|------------------------------|
| General | \$ 3,158,962 | \$ 258 |
| Non-major governmental | 258 | 4,251,923 |
| Internal service funds | 1,092,961 | - |
| | \$ 4,252,181 | \$ 4,252,181 |

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District’s transfers for the fiscal year ended June 30, 2023:

| Transfers Out | Transfers In | Amount |
|----------------------|------------------------|---------------|
| General Fund | Non-major governmental | \$ 210,473 |

The purpose of the transfer was to cover Child Nutrition's campus negative lunch balances.

Note 7 - Capital Assets

Capital assets activity for the District for the year ended June 30, 2023, was as follows:

| | Beginning Balance (Restated) | Additions | Transfers | Ending Balance |
|--|---------------------------------|------------------------|--------------------|-----------------------|
| Capital Assets, Not Being Depreciated/Amortized | | | | |
| Land | \$ 5,151,359 | \$ - | \$ - | \$ 5,151,359 |
| Construction in progress | 9,807,317 | - | (9,807,317) | - |
| Total Capital Assets, Not Being Depreciated/Amortized | 14,958,676 | - | (9,807,317) | 5,151,359 |
| Capital Assets, Being Depreciated/Amortized | | | | |
| Buildings and improvements | 367,117,076 | 62,684 | 9,807,317 | 376,987,077 |
| Furniture and equipment | 30,956,126 | 258,870 | - | 31,214,996 |
| Right-to-use leased equipment | 1,340,680 | - | - | 1,340,680 |
| Subscription based IT arrangements | 893,907 | - | - | 893,907 |
| Total Capital Assets, Being Depreciated/Amortized | 400,307,789 | 321,554 | 9,807,317 | 410,436,660 |
| Less accumulated depreciation/amortization | | | | |
| Buildings and improvements | (191,306,445) | (10,300,767) | - | (201,607,212) |
| Furniture and equipment | (27,304,872) | (1,151,301) | - | (28,456,173) |
| Right-to-use leased equipment | (344,936) | (344,936) | - | (689,872) |
| Subscription based IT arrangements | - | (396,957) | - | (396,957) |
| Total Accumulated Depreciation/Amortization | (218,956,253) | (12,193,961) | - | (231,150,214) |
| Governmental (Net) Capital Assets | \$ 196,310,212 | \$ (11,872,407) | \$ - | \$ 184,437,805 |

Depreciation/amortization expense was charged to governmental functions as follows:

| Function | Depreciation/ Amortization Expense |
|--|---|
| Instruction | \$ 8,209,207 |
| Instructional resources and media services | 203,226 |
| Curriculum and staff development | 12,959 |
| Instructional leadership | 322,670 |
| School leadership | 206,168 |
| Guidance, counseling and evaluation services | 112,036 |
| Social work services | 3,147 |
| Health services | 12,053 |
| Student transportation | 641,571 |
| Food Services | 520,881 |
| Extracurricular activities | 89,333 |
| General administration | 486,496 |
| Facilities maintenance and operations | 464,468 |
| Security and monitoring services | 84,731 |
| Data processing services | 801,138 |
| Community services | 23,877 |
| Total depreciation/amortization expense | \$ 12,193,961 |

As of June 30, 2023 the District had no construction commitments or ongoing projects.

Note 8 - Unearned and Unavailable Revenue

Unearned and unavailable revenue reported in the governmental funds at June 30, 2023 consisted of the following:

| | General Fund | Debt Service Fund | Nonmajor Governmental Funds | Total |
|---|---------------------|-------------------|-----------------------------|---------------------|
| Net tax unavailable revenue | \$ 2,645,480 | \$ 935,498 | \$ - | \$ 3,580,978 |
| SHARS unavailable revenue | 2,864,629 | - | - | 2,864,629 |
| Total unavailable revenue | 5,510,109 | 935,498 | \$ - | \$ 6,445,607 |
| Other unearned revenue | 1,700 | - | 39,600 | 41,300 |
| Total unearned and unavailable revenue | \$ 5,511,809 | \$ 935,498 | \$ 39,600 | \$ 6,486,907 |

Revenue that is not considered available at year end is reported as a deferred inflow of resources in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

Note 9 - Long-Term Debt

Long-Term obligation activities during the year ended June 30, 2023, were as follows:

| | Balance July 1, 2,022 (restated) | Additions | Retirements | Balance June 30, 2023 | Due Within One Year |
|--|---|----------------------|------------------------|-----------------------------|------------------------|
| General Obligation Bonds | \$ 189,615,000 | \$ - | \$ (9,470,000) | \$ 180,145,000 | \$ 10,155,000 |
| Premium Capital Appreciation Bonds | 3,416,191 | - | (339,015) | 3,077,176 | - |
| Accreted Interest on Capital Appreciation Bonds | 17,363 | 88,364 | (10,985) | 94,742 | - |
| Premium on Bonds | 19,578,090 | - | (1,880,792) | 17,697,298 | - |
| Total Bonds Payable | 212,626,644 | 88,364 | (11,700,792) | 201,014,216 | 10,155,000 |
| Net Pension Liability | 17,332,445 | 23,173,401 | - | 40,505,846 | - |
| Net OPEB Liability | 37,003,986 | - | (14,730,579) | 22,273,407 | - |
| Right to Use Lease Liability | 1,005,830 | - | (337,787) | 668,043 | 349,807 |
| SBITA Liability | 893,907 | - | (382,514) | 511,393 | 370,204 |
| Total Long-Term Liabilities | \$ 268,862,812 | \$ 23,261,765 | \$ (27,151,672) | \$ 264,972,905 | \$ 10,875,011 |

Bonds Payable

General Obligation Bonds outstanding, at June 30, 2023, are comprised of the following:

| Description | Amount of Original Issue | Interest Rate (%) | Maturity Date |
|---|-----------------------------|-------------------|---------------|
| Unlimited Tax Refunding Bonds - Series 2014 | \$ 33,365,000 | 1.00 - 4.00% | 2/15/2035 |
| Unlimited Tax School Building Bonds - Series 2015 | 88,170,000 | 2.00 - 5.00% | 2/15/2035 |
| Unlimited Tax Refunding Bonds - Series 2015 | 54,460,000 | 2.00 - 5.00% | 2/15/2032 |
| Unlimited Tax Refunding Bonds - Series 2020 | 24,165,000 | 3.00 - 4.00% | 2/15/2026 |
| Unlimited Tax Refunding Bonds - Series 2022A | 13,055,000 | 5.00% | 2/15/2033 |
| Unlimited Tax Refunding Bonds - Series 2022B | 107,180,000 | 2.48 - 5.00% | 2/15/2045 |

Note 9 - Long-Term Debt (continued)

Bonds payable (continued)

Unlimited tax bonds outstanding as of June 30, 2023, are as follows:

| Description | Amount Outstanding July 1, 2022 | Issued | Retired | Amount Outstanding July 1, 2022 | Amount Due Within One Year |
|---|---------------------------------------|-------------|-----------------------|---------------------------------------|-------------------------------|
| Unlimited Tax Refunding Bonds - Series 2014 | \$ 7,715,000 | \$ - | \$ (7,715,000) | \$ - | \$ - |
| Unlimited Tax School Building Bonds - Series 2015 | 24,630,000 | - | (700,000) | 23,930,000 | 2,255,000 |
| Unlimited Tax Refunding Bonds - Series 2015 | 12,870,000 | - | - | 12,870,000 | - |
| Unlimited Tax Refunding Bonds - Series 2020 | 24,165,000 | - | - | 24,165,000 | 7,775,000 |
| Unlimited Tax Refunding Bonds - Series 2022A | 13,055,000 | - | (45,000) | 13,010,000 | - |
| Unlimited Tax Refunding Bonds - Series 2022B | 107,180,000 | - | (1,010,000) | 106,170,000 | 125,000 |
| | <u>\$ 189,615,000</u> | <u>\$ -</u> | <u>\$ (9,470,000)</u> | <u>\$ 180,145,000</u> | <u>\$ 10,155,000</u> |

Debt service requirements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2024 | \$ 10,155,000 | \$ 7,490,357 | \$ 17,645,357 |
| 2025 | 10,495,000 | 7,121,606 | 17,616,606 |
| 2026 | 10,930,000 | 6,796,456 | 17,726,456 |
| 2027 | 8,365,000 | 8,575,056 | 16,940,056 |
| 2028 | 10,820,000 | 5,600,556 | 16,420,556 |
| 2029 - 2033 | 63,715,000 | 19,525,401 | 83,240,401 |
| 2034 - 2038 | 24,340,000 | 9,184,862 | 33,524,862 |
| 2039 - 2043 | 28,510,000 | 5,083,857 | 33,593,857 |
| 2044 - 2045 | 12,815,000 | 653,548 | 13,468,548 |
| | <u>\$ 180,145,000</u> | <u>\$ 70,031,699</u> | <u>\$ 250,176,699</u> |

The District has one bond series, 2022B, that includes capital appreciation bonds and capital appreciation bond premiums. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2024. Interest accrues on these bonds each February 15 and August 15 even though the interest is not paid until maturity.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions.

The District placed the proceeds of the 2020 and 2022B refunding bonds in an irrevocable trust that will provide all future debt service payments on the original bonds. As of June 30, 2023, the outstanding balance of defeased bonds is \$25,215,000 and \$101,035,000 respectively.

Note 9 - Long-Term Debt (continued)

Right to Use Leases payable

The District has several agreements to lease copier, mail equipment, and a fiber network. As of June 30, 2023, the value of the lease liability was \$668,043. The District is required to make monthly principal and interest payments ranging from \$433 to \$28,903. The leases have an interest rate of 4.00%. The corresponding RTU assets estimated useful lives are the same as their corresponding lease terms. The value of the right-to-use assets as of the end of the current fiscal year was \$650,808 which includes the asset at \$1,340,680 and accumulated amortization of \$689,872.

The future principal and interest lease payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 349,807 | \$ 20,299 | \$ 370,106 |
| 2025 | 277,059 | 6,337 | 283,396 |
| 2026 | 17,681 | 1,255 | 18,936 |
| 2027 | 17,504 | 566 | 18,070 |
| 2028 | 5,992 | 32 | 6,024 |
| | <u>\$ 668,043</u> | <u>\$ 28,489</u> | <u>\$ 696,532</u> |

SBITA Liability

During the current fiscal year, the District implemented GASB 96, and prior existing SBITA agreements were required to be recorded as a SBITA liability. The District had SBITA agreements for software related to accounting and educational software. An initial lease liability was recorded in the amount of \$893,907 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$511,393. The District is required to make monthly principal and interest payments ranging from \$1,714 to \$16,289. The SBITAs have an interest rate of 4.00%. The corresponding SBITA assets estimated useful lives are the same as their corresponding agreement terms. The value of the SBITA assets as of the end of the current fiscal year was \$496,950 which includes the asset at \$893,907 and accumulated amortization of \$396,957.

The future principal and interest SBITA payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 370,204 | \$ 13,665 | \$ 383,869 |
| 2025 | 65,263 | 4,331 | 69,594 |
| 2026 | 17,860 | 2,712 | 20,572 |
| 2027 | 18,588 | 1,984 | 20,572 |
| 2028 | 19,345 | 1,227 | 20,572 |
| 2029 | 20,133 | 439 | 20,572 |
| | <u>\$ 511,393</u> | <u>\$ 24,358</u> | <u>\$ 535,751</u> |

Note 10 - Defined Benefit Pension Plan Employees' Retirement 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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or 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 postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions

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

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

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Contributions (continued)

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 | |
|----------------------------------|---------------------------|-------------|
| | Measurement Year | |
| | 2023 | 2022 |
| Member | 8.00% | 8.00% |
| Non-employer contributing agency | 8.00% | 7.75% |
| Employers | 8.00% | 7.75% |

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).

| | Current Fiscal Year | |
|----------------------------------|----------------------------|-----------|
| | Contributions | |
| Employer (District) | \$ | 3,499,030 |
| Employee (Member) | | 7,321,926 |
| Non-employer Contributing Entity | | |
| On-behalf Contributions (State) | | 5,139,172 |

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

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

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

- 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.5% of the member's salary beginning in September 1, 2020, gradually increasing to 2.0% on September 1, 2024.

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022 and was determined using the following actuarial methods and assumptions:

| Component | Result |
|---|---|
| Valuation Date | August 31, 2021, rolled forward to August 31, 2022 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.00% |
| Long-term Expected Rate | 7.00% |
| Municipal Bond Rate as of August 2020 | 3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" |
| Last year ending August 31 in Projection Period (100 years) | 2121 |
| Inflation | 2.30% |
| Salary Increases | 2.95% to 8.95% including inflation |
| Benefit changes during the year | None |
| Ad hoc post-employment benefit changes | None |

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions see the actuarial valuation report described the 2022 TRS ACFR, which includes actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Actuarial Methods and Assumptions (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

| Asset Class¹ | Target Allocation² | Long-Term Expected Geometric Real Rate of Return³ | Expected Contribution to Long-Term Portfolio Returns |
|--|--------------------------------------|---|---|
| Global Equity | | | |
| USA | 18.00% | 4.60% | 1.12% |
| Non-U.S. Developed | 13.00% | 4.90% | 0.90% |
| Emerging Markets | 9.00% | 5.40% | 0.75% |
| Private Equity ¹ | 14.00% | 7.70% | 1.55% |
| Stable Value | | | |
| Government Bonds | 16.00% | 1.00% | 0.22% |
| Absolute Return ¹ | 0.00% | 3.70% | 0.00% |
| Stable Value Hedge Funds | 5.00% | 3.40% | 0.18% |
| Real Return | | | |
| Real Estate | 15.00% | 4.10% | 0.94% |
| Energy, Natural Resources & Infrastructure | 6.00% | 5.10% | 0.37% |
| Commodities | 0.00% | 3.60% | 0.00% |
| Risk Parity | 8.00% | 4.60% | 0.43% |
| Asset Allocation Leverage | | | |
| Cash | 2.00% | 3.00% | 0.01% |
| Asset Allocation Leverage | -6.00% | 3.60% | -0.05% |
| Inflation Expectation | | | 2.70% |
| Volatility Drag ⁴ | | | -0.91% |
| Expected Return | 100.00% | | 8.21% |

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2022 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

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

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

| | 1% Decrease | Current | 1% Increase |
|--|--------------------|----------------------|--------------------|
| | 6.000% | Discount Rate | 8.000% |
| | | 7.000% | |
| District's proportional share of the net pension liability | \$ 63,011,738 | \$ 40,505,846 | \$ 22,263,764 |

Change of Assumptions Since the Prior Measurement Date

There were no changes of assumptions since the prior measurement date that affected measurement of the total pension liability during the measurement period.

Change of Benefit Terms Since the Prior Measurement Date

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

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

At June 30, 2023, the District reported a liability of \$40,505,846 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 net pension liability | \$ 40,505,846 |
| State's proportionate share of the net pension liability associated with the District | <u>62,331,510</u> |
| Total | <u><u>\$ 102,837,356</u></u> |

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District'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, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0682% which was an increase of 0.0001% from its proportion measured as of August 31, 2021.

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

Note 10 - Defined Benefit Pension Plan Employees' Retirement Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2023, the District recognized pension expense of \$4,043,873. The District also recognized on-behalf pension expense and revenue of \$5,958,186 for support provided by the State.

At June 30, 2023, 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 actuarial experience | \$ 587,331 | \$ (883,104) |
| Changes in actuarial assumptions | 7,547,557 | (1,881,062) |
| Difference between projected and actual Investment earnings | 4,001,848 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 204,984 | (1,482,669) |
| Contributions paid to TRS subsequent to the measurement date | 2,938,595 | - |
| Total | <u>\$ 15,280,315</u> | <u>\$ (4,246,835)</u> |

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$2,938,595 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30 | Amount |
|-------------------------------|----------------------------|
| 2024 | \$ 2,084,853 |
| 2025 | 909,794 |
| 2026 | 24,989 |
| 2027 | 4,477,006 |
| 2028 | 598,243 |
| Thereafter | - |
| | <u>\$ 8,094,885</u> |

Note 11 - Defined Other Post-Employment Benefit Plan

Plan Description

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

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS 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 premium rates for retirees are reflected in the following table.

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

Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Contributions

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

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

| | Contribution Rates | |
|----------------------------------|---------------------------|-------------|
| | Measurement Year | |
| | 2023 | 2022 |
| Member | 0.65% | 0.65% |
| Non-employer contributing agency | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private funding | 1.25% | 1.25% |

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

| | Current Fiscal Year |
|----------------------------------|----------------------------|
| | Contributions |
| Employer (District) | \$ 780,861 |
| Employee (Member) | 594,911 |
| Non-employer Contributing Entity | |
| On-behalf Contributions (State) | 1,535,319 |

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 hiring a TRS retiree, employers are required to pay to TRS-Care a monthly surcharge of \$535 per retiree.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of 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.

Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Actuarial Assumptions (continued)

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

Additional Actuarial Methods and Assumptions

| | |
|--|--|
| Valuation Date | August 31, 2021, rolled forward to August 31, 2022 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 3.91% as of August 31, 2022 |
| Aging Factors | Based on plan specific experience |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs. |
| Projected Salary Increases | 3.05% to 9.05% including inflation |
| Healthcare Trend Rates | The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial prescription drug trend was 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years. |
| Election Rates | Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None |

Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Note 11 - Defined Other Post-Employment Benefit Plan (continued)

Sensitivity of the Net OPEB Liability

Discount Rate

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

| | Discount Rate | | |
|---|------------------------|-------------------------|------------------------|
| | 1% Decrease (2.91%) | Current Rate (3.91%) | 1% Increase (4.91%) |
| District's proportional share of the net OPEB liability | \$ 26,262,113 | \$ 22,273,407 | \$ 19,042,043 |

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

Change of Assumptions Since the Prior Measurement Date

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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change increased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

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

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

At June 30, 2023, the District reported a liability of \$22,273,407 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 | \$ 22,273,407 |
| State's proportionate share that is associated with (employer) | 27,170,057 |
| Total | <u><u>\$ 49,443,464</u></u> |

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the District's proportion of the collective Net OPEB Liability was 0.093% which was an decrease of 0.0029% from its proportion measured as of August 31, 2021.

Note 11 - Defined Other Post-Employment Benefit Plan (continued)

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

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 healthcare cost trend rate:

| | Healthcare Cost Trend Rate | | |
|---|-----------------------------------|---------------------|--------------------|
| | 1% Decrease | Current Rate | 1% Increase |
| District's proportional share of the net OPEB liability | \$ 18,353,387 | \$ 22,273,407 | \$ 27,355,207 |

For the year ended June 30, 2023, the District recognized negative OPEB expense of \$3,013,299. The District also recognized an additional negative on-behalf expense and revenue of \$3,855,650 for support provided by the State.

At June 30, 2023, 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 experience | \$ 1,238,323 | \$ (18,555,747) |
| Changes in actuarial assumptions | 3,392,681 | (15,474,238) |
| Difference between projected and actual Investment earnings | 66,346 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 1,400,192 | (3,355,274) |
| Contributions paid to TRS subsequent to the measurement date | 651,934 | - |
| Total | \$ 6,749,476 | \$ (37,385,259) |

The \$651,934 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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:

| Year ended June 30 | OPEB Expense Amount |
|---------------------------|----------------------------|
| 2024 | \$ (5,550,700) |
| 2025 | (5,550,460) |
| 2026 | (4,605,928) |
| 2027 | (3,327,183) |
| 2028 | (4,054,135) |
| Thereafter | (8,199,311) |
| | \$ (31,287,717) |

Note 11 - Defined Other Post-Employment Benefit Plan (continued)**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$469,045, \$361,491, and \$401,250, respectively. The information for the year ended June 30, 2023 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District maintains a self-insured worker's compensation plan through membership in a self-insured pool. For this pool, stop-loss coverage was in effect for individual claims exceeding \$450,000 with an aggregate limit of \$2,000,000. The District is partially self-funded to a loss fund maximum of \$384,695. Additionally, the District incurred fixed costs of \$252,356 for its share of claims administration, loss control, record keeping, and cost of excess insurance.

Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for the year from the prior year. Self-insurance fund revenues and expenses are recognized on the accrual basis. Unpaid claims filed prior to June 30 and subsequently approved by the administrator of the plan are recorded as a liability.

The District accrues a liability for incurred but not reported claims if considered material.

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| Claims Payable, Beginning of Year | \$ 58,181 | \$ 78,939 |
| Claims incurred and changes in estimates | 100,028 | 228,902 |
| Claims payments | <u>(97,447)</u> | <u>(249,660)</u> |
| Claims Payable, End of Year | <u>\$ 60,762</u> | <u>\$ 58,181</u> |



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REQUIRED SUPPLEMENTARY INFORMATION

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

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

For the Year Ended June 30, 2023

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local and intermediate sources | \$ 57,946,458 | \$ 57,948,016 | \$ 64,381,171 | \$ 6,433,155 |
| State program revenues | 60,738,843 | 60,738,843 | 56,530,680 | (4,208,163) |
| Federal program revenues | 6,000,000 | 6,000,000 | 791,167 | (5,208,833) |
| Total Revenues | 124,685,301 | 124,686,859 | 121,703,018 | (2,983,841) |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 66,790,924 | 65,579,386 | 62,388,089 | 3,191,297 |
| Instructional resources and media services | 1,535,605 | 1,550,965 | 1,551,630 | (665) |
| Curriculum and staff development | 3,013,192 | 3,087,356 | 3,091,988 | (4,632) |
| Instructional leadership | 3,582,986 | 3,907,027 | 3,881,314 | 25,713 |
| School leadership | 8,546,330 | 8,670,409 | 8,689,276 | (18,867) |
| Guidance, counseling and evaluation services | 5,550,577 | 5,821,827 | 5,621,631 | 200,196 |
| Social work services | 232,153 | 222,153 | 104,164 | 117,989 |
| Health services | 1,325,986 | 1,538,318 | 1,542,980 | (4,662) |
| Student transportation | 4,198,245 | 4,196,166 | 3,543,965 | 652,201 |
| Extracurricular activities | 3,797,508 | 4,192,008 | 4,096,006 | 96,002 |
| General administration | 5,881,582 | 6,019,713 | 4,601,624 | 1,418,089 |
| Facilities maintenance and operations | 13,377,809 | 14,590,177 | 13,523,855 | 1,066,322 |
| Security and monitoring services | 2,226,231 | 2,319,598 | 1,943,752 | 375,846 |
| Data processing services | 3,558,745 | 4,389,075 | 3,715,028 | 674,047 |
| Community services | 657,428 | 633,428 | 439,019 | 194,409 |
| Debt Service: | | | | |
| Principal on long-term debt | - | - | 535,237 | (535,237) |
| Interest on long-term debt | - | - | 50,136 | (50,136) |
| Capital outlay: | | | | |
| Facilities acquisition and construction | 55,000 | 546,483 | 339,727 | 206,756 |
| Intergovernmental: | | | | |
| Payments to Juvenile Justice Alternative Ed. Program | 25,000 | 25,000 | 11,892 | 13,108 |
| Other intergovernmental charges | 330,000 | 285,000 | 275,938 | 9,062 |
| Total Expenditures | 124,685,301 | 127,574,089 | 119,947,251 | 7,626,838 |
| Excess (deficiency) of revenues over expenditures | - | (2,887,230) | 1,755,767 | 4,642,997 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | - | - | (210,473) | (210,473) |
| Total Other Financing Sources (Uses) | - | - | (210,473) | (210,473) |
| SPECIAL ITEM | | | | |
| Net change in fund balances | - | (2,887,230) | 1,545,294 | 4,432,524 |
| Fund Balances - Beginning | 62,865,985 | 62,865,985 | 62,865,985 | - |
| Fund Balances - Ending | \$ 62,865,985 | \$ 59,978,755 | \$ 64,411,279 | \$ 4,432,524 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS
For the Year Ended June 30, 2023

Budgets

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Child Nutrition Program, which is reported as a nonmajor governmental fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibits H-3 and H-4.

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

1. Prior to June 29, the District prepared a budget for the next succeeding fiscal year beginning July 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the Board was then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end. The budget was properly amended throughout the period by the Board of Trustees.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Excess of expenditures over appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following functions by these amounts:

| | |
|--|---------|
| General Fund: | |
| Instructional resources and media services | \$ 665 |
| Curriculum and staff development | 4,632 |
| School leadership | 18,867 |
| Health services | 4,662 |
| Principal on long-term debt | 535,237 |
| Interest on long-term debt | 50,136 |
| Child Nutrition Fund: | |
| Food services | 641,856 |
| Debt Service Fund: | |
| Interest on long-term debt | 164,528 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teacher Retirement System of Texas

Last Nine Measurement Years

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| District's Proportion of the Net Pension Liability | 0.0682% | 0.0681% | 0.0693% | 0.0719% | 0.0749% |
| District's proportionate share of the net pension liability | \$ 40,505,846 | \$ 17,332,445 | \$ 37,089,083 | \$ 37,368,701 | \$ 41,239,726 |
| State's proportionate share of the net pension liability associated with the District | 62,331,510 | 30,332,403 | 64,571,953 | 61,037,063 | 65,761,572 |
| Total | <u>\$ 102,837,356</u> | <u>\$ 47,664,848</u> | <u>\$ 101,661,036</u> | <u>\$ 98,405,764</u> | <u>\$ 107,001,298</u> |
| District's covered payroll (for Measurement Year) | \$ 89,358,635 | \$ 90,424,969 | \$ 88,966,315 | \$ 83,495,378 | \$ 82,292,474 |
| District's proportionate share of the net pension liability as a percentage of it's covered payroll | 45.3% | 19.2% | 41.7% | 44.8% | 50.1% |
| Plan fiduciary net position as a percentage of the total pension liability * | 75.65% | 88.79% | 75.54% | 75.24% | 73.74% |

| | 2017 | 2016 | 2015 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|
| District's Proportion of the Net Pension Liability | 0.0733% | 0.0752% | 0.0821% | 5.7314% |
| District's proportionate share of the net pension liability | \$ 23,430,930 | \$ 28,419,455 | \$ 29,012,526 | \$ 15,309,415 |
| State's proportionate share of the net pension liability associated with the District | 40,129,144 | 47,451,454 | 43,742,911 | 37,101,536 |
| Total | <u>\$ 63,560,074</u> | <u>\$ 75,870,909</u> | <u>\$ 72,755,437</u> | <u>\$ 52,410,951</u> |
| District's covered payroll (for Measurement Year) | \$ 81,112,207 | \$ 78,643,878 | \$ 76,040,667 | \$ 72,292,518 |
| District's proportionate share of the net pension liability as a percentage of it's covered payroll | 28.9% | 36.1% | 38.2% | 21.2% |
| Plan fiduciary net position as a percentage of the total pension liability * | 82.17% | 78.00% | 78.43% | 83.25% |

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

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

* Per Teachers Retirement System of Texas' Comprehensive Annual Financial Report

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2014. Net pension liability and related ratios will be presented prospectively as data becomes available.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
Teacher Retirement System of Texas
Last Nine Fiscal Years

Exhibit G-3

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions | \$ 3,499,030 | \$ 3,122,230 | \$ 2,812,548 | \$ 2,829,666 | \$ 2,399,531 |
| Contributions in relation to the contractual required contributions | <u>3,499,030</u> | <u>3,122,230</u> | <u>2,812,548</u> | <u>2,829,666</u> | <u>2,399,531</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 91,657,744 | \$ 89,832,847 | \$ 89,547,650 | \$ 88,966,315 | \$ 83,047,979 |
| Contributions as a percentage of covered payroll | 3.82% | 3.48% | 3.14% | 3.18% | 2.89% |
| | | | | | |
| | 2018 | 2017 | 2016 | 2015 | |
| Contractually required contributions | \$ 2,401,684 | \$ 2,385,794 | \$ 2,363,167 | \$ 2,299,184 | |
| Contributions in relation to the contractual required contributions | <u>2,401,684</u> | <u>2,385,794</u> | <u>2,363,167</u> | <u>2,299,184</u> | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| District's covered payroll | \$ 81,866,064 | \$ 81,246,452 | \$ 77,893,794 | \$ 75,286,832 | |
| Contributions as a percentage of covered payroll | 2.93% | 2.94% | 3.03% | 3.05% | |

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
Teacher Retirement System of Texas
For the Year Ended June 30, 2023

Changes of Assumptions

The single discount of 7.00 percent was used as of August 31, 2022.

It is assumed that future employer and state contributions will be 8.5 percent in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years.

The public education employer contribution rate changed from 1.6% in 2021 to 1.7% in 2022.

Changes in Benefit Terms

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

Other Information

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**Exhibit G-4****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****Teacher Retirement System of Texas****Last Six Measurement Years**

| | 2022 | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|----------------------|----------------------|
| District's proportion of the net OPEB liability | 0.0930% | 0.0959% | 0.0995% | 0.0995% |
| District's proportionate share of the net OPEB liability | \$ 22,273,407 | \$ 37,003,986 | \$ 37,825,718 | \$ 47,040,271 |
| State's proportionate share of the net OPEB liability associated with the District | 27,170,057 | 49,577,094 | 50,828,697 | 62,505,998 |
| Total | <u>\$ 49,443,464</u> | <u>\$ 86,581,080</u> | <u>\$ 88,654,415</u> | <u>\$109,546,269</u> |
| District's covered payroll (for Measurement Year) | \$ 89,358,635 | \$ 90,424,969 | \$ 88,966,315 | \$ 83,495,378 |
| District's proportionate share of the net OPEB liability as a percentage of it's covered payroll | 24.9% | 40.9% | 42.5% | 56.3% |
| Plan fiduciary net position as a percentage of the total OPEB liability * | 11.52% | 6.18% | 4.99% | 2.66% |
| | 2018 | 2017 | | |
| District's proportion of the net OPEB liability | 0.0997% | 0.0947% | | |
| District's proportionate share of the net OPEB liability | \$ 49,803,886 | \$ 41,186,633 | | |
| State's proportionate share of the net OPEB liability associated with the District | 69,692,806 | 63,621,467 | | |
| Total | <u>\$ 119,496,692</u> | <u>\$ 104,808,100</u> | | |
| District's covered payroll (for Measurement Year) | \$ 82,292,474 | \$ 81,112,207 | | |
| District's proportionate share of the net OPEB liability as a percentage of it's covered payroll | 60.5% | 50.8% | | |
| Plan fiduciary net position as a percentage of the total OPEB liability * | 1.57% | 0.91% | | |

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

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

* Per Teachers Retirement System of Texas' Comprehensive Annual Financial Report

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2017. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Teacher Retirement System of Texas
Last Six Fiscal Years

Exhibit G-5

| | 2023 | 2022 | 2021 | 2020 |
|---|----------------|----------------|----------------|----------------|
| Contractually required contributions | \$ 780,861 | \$ 753,342 | \$ 748,288 | \$ 753,718 |
| Contributions in relation to the contractual required contributions | <u>780,861</u> | <u>753,342</u> | <u>748,288</u> | <u>753,718</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 91,657,744 | \$ 89,832,847 | \$ 89,547,650 | \$ 88,966,315 |
| Contributions as a percentage of covered payroll | 0.85% | 0.84% | 0.84% | 0.85% |
| | 2019 | 2018 | | |
| Contractually required contributions | \$ 682,608 | \$ 492,408 | | |
| Contributions in relation to the contractual required contributions | <u>682,608</u> | <u>492,408</u> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | | |
| District's covered payroll | \$ 83,047,979 | \$ 81,866,064 | | |
| Contributions as a percentage of covered payroll | 0.82% | 0.60% | | |

Note: Ten years of data should be presented in this schedule but data is unavailable prior to 2018. Net OPEB liability and related ratios will be presented prospectively as data becomes available.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB
Teacher Retirement System of Texas
For the Year Ended June 30, 2023

Changes of Assumptions

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

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the Total OPEB Liability.

Changes of Benefit Terms

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



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OTHER SUPPLEMENTARY INFORMATION

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 1 of 5

| | | 211 | 224 | 225 | 240 |
|-------------------------------------|--|----------------------|-----------------------|-------------------------|-------------------------|
| Data Control Codes | | ESEA Title I, Part A | IDEA - Part B Formula | IDEA - Part B Preschool | Child Nutrition Program |
| Assets | | | | | |
| 1110 | Cash and temporary investments | \$ - | \$ - | \$ - | \$ 4,145,980 |
| | Receivables: | | | | |
| 1240 | Receivables from other governments | 781,515 | 938,366 | 6,156 | - |
| 1260 | Due from other funds | - | - | - | 258 |
| 1300 | Inventories | - | - | - | 223,685 |
| 1000 | Total Assets | <u>\$ 781,515</u> | <u>\$ 938,366</u> | <u>\$ 6,156</u> | <u>\$ 4,369,923</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts payable | \$ 10,204 | \$ 121,025 | \$ - | \$ 16,129 |
| | Payroll deduction and | | | | |
| 2150 | withholdings payable | 25,501 | 19,894 | 121 | 37,082 |
| 2160 | Accrued wages payable | 256,871 | 226,005 | 3,777 | 99,052 |
| 2170 | Due to other funds | 488,939 | 571,442 | 2,258 | 1,092,961 |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>781,515</u> | <u>938,366</u> | <u>6,156</u> | <u>1,245,224</u> |
| Fund Balance: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | - | - | - | 223,685 |
| Restricted: | | | | | |
| 3450 | Grants | - | - | - | 2,901,014 |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | - | - |
| Committed: | | | | | |
| 3545 | Campus activity funds | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,124,699</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 781,515</u> | <u>\$ 938,366</u> | <u>\$ 6,156</u> | <u>\$ 4,369,923</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 2 of 5

| | | 244 | 255 | 263 | 280 |
|-------------------------------------|--|----------------------------------|------------------------------------|---------------------------------------|-------------------------------|
| Data Control Codes | | Career and Technical Basic Grant | ESSA II, A Training and Recruiting | ESSA III, A English Lang. Acquisition | ARPA - Education for Homeless |
| Assets | | | | | |
| 1110 | Cash and temporary investments | \$ - | \$ - | \$ - | \$ - |
| | Receivables: | | | | |
| 1240 | Receivables from other governments | 85,486 | 70,522 | 52,796 | 1,875 |
| 1260 | Due from other funds | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1000 | Total Assets | <u>\$ 85,486</u> | <u>\$ 70,522</u> | <u>\$ 52,796</u> | <u>\$ 1,875</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts payable | \$ 30,600 | \$ 29,852 | \$ 10,598 | \$ - |
| | Payroll deduction and | | | | |
| 2150 | withholdings payable | - | 915 | - | - |
| 2160 | Accrued wages payable | - | 11,944 | - | - |
| 2170 | Due to other funds | 54,886 | 27,811 | 2,598 | 1,875 |
| 2300 | Unearned revenue | - | - | 39,600 | - |
| 2000 | Total Liabilities | <u>85,486</u> | <u>70,522</u> | <u>52,796</u> | <u>1,875</u> |
| Fund Balance: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Grants | - | - | - | - |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | - | - |
| Committed: | | | | | |
| 3545 | Campus activity funds | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 85,486</u> | <u>\$ 70,522</u> | <u>\$ 52,796</u> | <u>\$ 1,875</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 3 of 5

| | | 281 | 282 | 284 | 289 |
|-------------------------------------|--|-------------------|---------------------|-------------------|-------------------------------------|
| Data Control Codes | | CRRSAA - ESSER II | ARPA - ESSER III | IDEA PART B - ARP | Other Federal Special Revenue Funds |
| Assets | | | | | |
| 1110 | Cash and temporary investments | \$ - | \$ - | \$ - | \$ 72,219 |
| | Receivables: | | | | |
| 1240 | Receivables from other governments | 838,727 | 1,113,813 | 101,730 | 32,106 |
| 1260 | Due from other funds | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1000 | Total Assets | <u>\$ 838,727</u> | <u>\$ 1,113,813</u> | <u>\$ 101,730</u> | <u>\$ 104,325</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ - | \$ 25,022 |
| | Payroll deduction and | | | | |
| 2150 | withholdings payable | - | 3,596 | - | - |
| 2160 | Accrued wages payable | - | 45,248 | - | - |
| 2170 | Due to other funds | 838,727 | 1,064,969 | 101,730 | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>838,727</u> | <u>1,113,813</u> | <u>101,730</u> | <u>25,022</u> |
| Fund Balance: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Grants | - | - | - | 79,303 |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | - | - |
| Committed: | | | | | |
| 3545 | Campus activity funds | - | - | - | - |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>79,303</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 838,727</u> | <u>\$ 1,113,813</u> | <u>\$ 101,730</u> | <u>\$ 104,325</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 4 of 5

| | | 397 | 410 | 429 | 461 |
|-------------------------------------|--|-------------------------------|---------------------|------------------------------------|-----------------------|
| Data Control Codes | | Advanced Placement Incentives | State Textbook Fund | State Funded Special Revenue Funds | Campus Activity Funds |
| Assets | | | | | |
| 1110 | Cash and temporary investments | \$ 8,318 | \$ 66,251 | \$ 36,836 | \$ 659,592 |
| | Receivables: | | | | |
| 1240 | Receivables from other governments | - | - | 87,500 | - |
| 1260 | Due from other funds | - | - | - | - |
| 1300 | Inventories | - | - | - | - |
| 1000 | Total Assets | <u>\$ 8,318</u> | <u>\$ 66,251</u> | <u>\$ 124,336</u> | <u>\$ 659,592</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ - | \$ 87,500 | \$ 15,445 |
| | Payroll deduction and | | | | |
| 2150 | withholdings payable | - | - | - | - |
| 2160 | Accrued wages payable | - | - | - | - |
| 2170 | Due to other funds | - | - | - | - |
| 2300 | Unearned revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>-</u> | <u>87,500</u> | <u>15,445</u> |
| Fund Balance: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | - | - | - | - |
| Restricted: | | | | | |
| 3450 | Grants | 8,318 | 66,251 | 36,836 | - |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | - | - |
| Committed: | | | | | |
| 3545 | Campus activity funds | - | - | - | 644,147 |
| 3600 | Unassigned | - | - | - | - |
| 3000 | Total Fund Balances | <u>8,318</u> | <u>66,251</u> | <u>36,836</u> | <u>644,147</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 8,318</u> | <u>\$ 66,251</u> | <u>\$ 124,336</u> | <u>\$ 659,592</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1

Page 5 of 5

| | | 499 | | | |
|-------------------------------------|--|----------------|---------------------|-------------------|---------------------|
| Data Control Codes | | Local | Total | | Total |
| | | Miscellaneous | Nonmajor | Capital | Nonmajor |
| | | Grants | Special | Projects Fund | Governmental |
| | | | Revenue Funds | | Funds |
| Assets | | | | | |
| 1110 | Cash and temporary investments | \$ - | \$ 4,989,196 | \$ 106,995 | \$ 5,096,191 |
| | Receivables: | | | | |
| 1240 | Receivables from other governments | - | 4,110,592 | - | 4,110,592 |
| 1260 | Due from other funds | - | 258 | - | 258 |
| 1300 | Inventories | - | 223,685 | - | 223,685 |
| 1000 | Total Assets | <u>\$ -</u> | <u>\$ 9,323,731</u> | <u>\$ 106,995</u> | <u>\$ 9,430,726</u> |
| Liabilities and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts payable | \$ - | \$ 346,375 | \$ - | \$ 346,375 |
| | Payroll deduction and | | | | |
| 2150 | withholdings payable | - | 87,109 | - | 87,109 |
| 2160 | Accrued wages payable | - | 642,897 | - | 642,897 |
| 2170 | Due to other funds | 3,727 | 4,251,923 | - | 4,251,923 |
| 2300 | Unearned revenue | - | 39,600 | - | 39,600 |
| 2000 | Total Liabilities | <u>3,727</u> | <u>5,367,904</u> | <u>-</u> | <u>5,367,904</u> |
| Fund Balance: | | | | | |
| Nonspendable: | | | | | |
| 3410 | Inventories | - | 223,685 | - | 223,685 |
| Restricted: | | | | | |
| 3450 | Grants | - | 3,091,722 | - | 3,091,722 |
| | Capital acquisitions and | | | | |
| 3470 | contractual obligations | - | - | 106,995 | 106,995 |
| Committed: | | | | | |
| 3545 | Campus activity funds | - | 644,147 | - | 644,147 |
| 3600 | Unassigned | (3,727) | (3,727) | - | (3,727) |
| 3000 | Total Fund Balances | <u>(3,727)</u> | <u>3,955,827</u> | <u>106,995</u> | <u>4,062,822</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 9,323,731</u> | <u>\$ 106,995</u> | <u>\$ 9,430,726</u> |



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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

Page 1 of 5

| | | 211 | 224 | 225 | 240 |
|---------------------------------------|---|----------------------|-----------------------|-------------------------|-------------------------|
| Data Control Codes | | ESEA Title I, Part A | IDEA - Part B Formula | IDEA - Part B Preschool | Child Nutrition Program |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ - | \$ - | \$ 730,890 |
| 5800 | State program revenues | - | - | - | 111,887 |
| 5900 | Federal program revenues | 2,665,941 | 2,633,812 | 23,532 | 7,053,115 |
| 5020 | Total Revenues | <u>2,665,941</u> | <u>2,633,812</u> | <u>23,532</u> | <u>7,895,892</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 1,368,801 | 1,615,553 | 23,532 | - |
| 0012 | Instruction resources and media services | - | - | - | - |
| | Curriculum and instructional | | | | |
| 0013 | staff development | 632,937 | 417,155 | - | - |
| 0021 | Instructional leadership | 119,966 | 237,881 | - | - |
| 0023 | School leadership | 950 | - | - | - |
| 0031 | Guidance, counseling and | | | | |
| | evaluation services | - | 360,783 | - | - |
| 0032 | Social work services | - | - | - | - |
| 0033 | Health services | - | - | - | - |
| 0034 | Student transportation | 366,141 | 1,840 | - | - |
| 0035 | Food service | - | - | - | 6,825,232 |
| 0036 | Extracurricular activities | - | - | - | - |
| 0041 | General administration | - | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - | 67,742 |
| 0052 | Security and monitoring services | - | - | - | 49,950 |
| 0053 | Data processing services | - | - | - | - |
| 0061 | Community services | 177,146 | 600 | - | - |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | - | - | - | - |
| 0072 | Interest on long-term debt | - | - | - | - |
| 6030 | Total Expenditures | <u>2,665,941</u> | <u>2,633,812</u> | <u>23,532</u> | <u>6,942,924</u> |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | - | - | 210,473 |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>210,473</u> |
| 1200 | Net change in fund balances | - | - | - | 1,163,441 |
| 0100 | Fund Balance - July 1 (beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,961,258</u> |
| 3000 | Fund Balance - June 30 (ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,124,699</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

Page 2 of 5

| | | 244 | 255 | 263 | 280 |
|---------------------------------------|---|---|---|--|--------------------------------------|
| Data Control Codes | | Career and Technical Basic Grant | ESSA II, A Training and Recruiting | ESSA III, A English Lang. Acquisition | ARPA - Education for Homeless |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ - | \$ - | \$ - |
| 5800 | State program revenues | - | - | - | - |
| 5900 | Federal program revenues | 156,564 | 447,975 | 201,889 | 36,625 |
| 5020 | Total Revenues | <u>156,564</u> | <u>447,975</u> | <u>201,889</u> | <u>36,625</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 156,564 | - | 123,011 | - |
| 0012 | Instruction resources and media services | - | - | - | - |
| | Curriculum and instructional | | | | |
| 0013 | staff development | - | 417,248 | 66,739 | - |
| 0021 | Instructional leadership | - | 27,790 | 6,771 | 36,625 |
| 0023 | School leadership | - | 2,937 | - | - |
| 0031 | Guidance, counseling and | | | | |
| | evaluation services | - | - | - | - |
| 0032 | Social work services | - | - | - | - |
| 0033 | Health services | - | - | - | - |
| 0034 | Student transportation | - | - | - | - |
| 0035 | Food service | - | - | - | - |
| 0036 | Extracurricular activities | - | - | - | - |
| 0041 | General administration | - | - | - | - |
| 0051 | Facilities maintenance and operations | - | - | - | - |
| 0052 | Security and monitoring services | - | - | - | - |
| 0053 | Data processing services | - | - | - | - |
| 0061 | Community services | - | - | 5,368 | - |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | - | - | - | - |
| 0072 | Interest on long-term debt | - | - | - | - |
| 6030 | Total Expenditures | <u>156,564</u> | <u>447,975</u> | <u>201,889</u> | <u>36,625</u> |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | - | - | - |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | - | - | - | - |
| 0100 | Fund Balance - July 1 (beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 | Fund Balance - June 30 (ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

Page 3 of 5

| | | 281 | 282 | 284 | 289 |
|---------------------------------------|---|-------------------|------------------|-------------------|-------------------------------------|
| Data Control Codes | | CRRSAA - ESSER II | ARPA - ESSER III | IDEA PART B - ARP | Other Federal Special Revenue Funds |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ - | \$ - | \$ - |
| 5800 | State program revenues | - | - | - | - |
| 5900 | Federal program revenues | 10,870,788 | 2,828,523 | 327,786 | 3,251,467 |
| 5020 | Total Revenues | 10,870,788 | 2,828,523 | 327,786 | 3,251,467 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 4,003,358 | 391,185 | 157,096 | 193,751 |
| 0012 | Instruction resources and media services | 79,277 | - | - | - |
| | Curriculum and instructional | | | | |
| 0013 | staff development | 180,931 | 43,726 | 6,000 | 15,213 |
| 0021 | Instructional leadership | 410,948 | 1,065,611 | 11,965 | - |
| 0023 | School leadership | 432,898 | - | - | 8,885 |
| 0031 | Guidance, counseling and | | | | |
| | evaluation services | 328,549 | - | 152,725 | - |
| 0032 | Social work services | 142,517 | - | - | - |
| 0033 | Health services | 130,537 | - | - | - |
| 0034 | Student transportation | 188,788 | 243,246 | - | - |
| 0035 | Food service | 244,998 | - | - | - |
| 0036 | Extracurricular activities | 161,905 | - | - | - |
| 0041 | General administration | 217,752 | 54,355 | - | - |
| 0051 | Facilities maintenance and operations | 3,837,192 | 560,627 | - | 442,135 |
| 0052 | Security and monitoring services | 319,209 | - | - | 82,486 |
| 0053 | Data processing services | 109,579 | 274,300 | - | 2,503,330 |
| 0061 | Community services | 82,350 | - | - | 5,667 |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | - | 185,064 | - | - |
| 0072 | Interest on long-term debt | - | 10,409 | - | - |
| 6030 | Total Expenditures | 10,870,788 | 2,828,523 | 327,786 | 3,251,467 |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | - | - | - |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | - | - | - | - |
| 1200 | Net change in fund balances | - | - | - | - |
| 0100 | Fund Balance - July 1 (beginning) | - | - | - | 79,303 |
| 3000 | Fund Balance - June 30 (ending) | \$ - | \$ - | \$ - | \$ 79,303 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

Page 4 of 5

| | | 397 | 410 | 429 | 461 |
|---------------------------------------|---|--------------------------------------|----------------------------|---|------------------------------|
| Data Control Codes | | Advanced Placement Incentives | State Textbook Fund | State Funded Special Revenue Funds | Campus Activity Funds |
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ - | \$ - | \$ 993,105 |
| 5800 | State program revenues | - | 265,770 | 98,200 | - |
| 5900 | Federal program revenues | - | - | - | - |
| 5020 | Total Revenues | <u>-</u> | <u>265,770</u> | <u>98,200</u> | <u>993,105</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | - | 265,770 | 98,200 | 143,210 |
| 0012 | Instruction resources and media services | - | - | - | 54,586 |
| | Curriculum and instructional | | | | |
| 0013 | staff development | - | - | - | - |
| 0021 | Instructional leadership | - | - | - | - |
| 0023 | School leadership | - | - | - | 6,017 |
| 0031 | Guidance, counseling and | | | | |
| | evaluation services | - | - | - | - |
| 0032 | Social work services | - | - | - | - |
| 0033 | Health services | - | - | - | - |
| 0034 | Student transportation | - | - | - | - |
| 0035 | Food service | - | - | - | - |
| 0036 | Extracurricular activities | - | - | - | 572,280 |
| 0041 | General administration | - | - | - | 772 |
| 0051 | Facilities maintenance and operations | - | - | - | - |
| 0052 | Security and monitoring services | - | - | - | - |
| 0053 | Data processing services | - | - | - | - |
| 0061 | Community services | - | - | - | 246 |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | - | - | - | - |
| 0072 | Interest on long-term debt | - | - | - | - |
| 6030 | Total Expenditures | <u>-</u> | <u>265,770</u> | <u>98,200</u> | <u>777,111</u> |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | - | - | - |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 | Net change in fund balances | - | - | - | 215,994 |
| 0100 | Fund Balance - July 1 (beginning) | <u>8,318</u> | <u>66,251</u> | <u>36,836</u> | <u>428,153</u> |
| 3000 | Fund Balance - June 30 (ending) | <u>\$ 8,318</u> | <u>\$ 66,251</u> | <u>\$ 36,836</u> | <u>\$ 644,147</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

Page 5 of 5

499

| Data Control Codes | | Local Miscellaneous Grants | Total Nonmajor Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|--------------------------------|--|----------------------------------|---|--------------------------|--|
| Revenues | | | | | |
| 5700 | Local, intermediate, and out-of-state | \$ - | \$ 1,723,995 | \$ 1,970 | \$ 1,725,965 |
| 5800 | State program revenues | - | 475,857 | - | 475,857 |
| 5900 | Federal program revenues | - | 30,498,017 | - | 30,498,017 |
| 5020 | Total Revenues | - | 32,697,869 | 1,970 | 32,699,839 |
| Expenditures | | | | | |
| Current: | | | | | |
| 0011 | Instruction | - | 8,540,031 | - | 8,540,031 |
| 0012 | Instruction resources and media services | - | 133,863 | - | 133,863 |
| | Curriculum and instructional | | | | |
| 0013 | staff development | - | 1,779,949 | - | 1,779,949 |
| 0021 | Instructional leadership | - | 1,917,557 | - | 1,917,557 |
| 0023 | School leadership | - | 451,687 | - | 451,687 |
| 0031 | Guidance, counseling and | | | | |
| | evaluation services | - | 842,057 | - | 842,057 |
| 0032 | Social work services | - | 142,517 | - | 142,517 |
| 0033 | Health services | - | 130,537 | - | 130,537 |
| 0034 | Student transportation | - | 800,015 | - | 800,015 |
| 0035 | Food service | - | 7,070,230 | - | 7,070,230 |
| 0036 | Extracurricular activities | - | 734,185 | - | 734,185 |
| 0041 | General administration | - | 272,879 | - | 272,879 |
| 0051 | Facilities maintenance and operations | - | 4,907,696 | - | 4,907,696 |
| 0052 | Security and monitoring services | - | 451,645 | - | 451,645 |
| 0053 | Data processing services | - | 2,887,209 | - | 2,887,209 |
| 0061 | Community services | - | 271,377 | - | 271,377 |
| Debt service: | | | | | |
| 0071 | Principal on long-term debt | - | 185,064 | - | 185,064 |
| 0072 | Interest on long-term debt | - | 10,409 | - | 10,409 |
| 6030 | Total Expenditures | - | 31,528,907 | - | 31,528,907 |
| Other Financing Sources (Uses) | | | | | |
| 7915 | Transfers in | - | 210,473 | - | 210,473 |
| 8911 | Transfers out | - | - | - | - |
| 7080 | Total Other Financing Sources (Uses) | - | 210,473 | - | 210,473 |
| 1200 | Net change in fund balances | - | 1,379,435 | 1,970 | 1,381,405 |
| 0100 | Fund Balance - July 1 (beginning) | (3,727) | 2,576,392 | 105,025 | 2,681,417 |
| 3000 | Fund Balance - June 30 (ending) | \$ (3,727) | \$ 3,955,827 | \$ 106,995 | \$ 4,062,822 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
June 30, 2023

Exhibit H-3

| | 751 | 753 | |
|-----------------------------|-------------------|---------------------|---------------------|
| | | Workers' | |
| | Transportation | Compensation | Total |
| | | Insurance | |
| Assets | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 572,462 | \$ 25,885 | \$ 598,347 |
| Receivables: | | | |
| Due from other funds | - | 1,092,961 | 1,092,961 |
| Total Assets | <u>572,462</u> | <u>1,118,846</u> | <u>1,691,308</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accrued expenses | - | 60,762 | 60,762 |
| Total Liabilities | <u>-</u> | <u>60,762</u> | <u>60,762</u> |
| Net Position | | | |
| Unrestricted | 572,462 | 1,058,084 | 1,630,546 |
| Total Net Position | <u>\$ 572,462</u> | <u>\$ 1,058,084</u> | <u>\$ 1,630,546</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit H-4***COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS****For the Year Ended June 30, 2023**

| | 751 | 753 | |
|---|-------------------|---------------------|---------------------|
| | | Workers' | |
| | Transportation | Compensation | Total |
| | | Insurance | |
| Operating Revenues | | | |
| Total local and intermediate sources | \$ 124,151 | \$ 3,621 | \$ 127,772 |
| State program revenues | - | 7,743 | 7,743 |
| Total Operating Revenues | <u>124,151</u> | <u>11,364</u> | <u>135,515</u> |
| Operating Expenses | | | |
| Payroll costs | - | 104,698 | 104,698 |
| Supplies and materials | 109,014 | - | 109,014 |
| Total Operating Expenses | <u>109,014</u> | <u>104,698</u> | <u>213,712</u> |
| Change in Net Position | 15,137 | (93,334) | (78,197) |
| Net Position - July 1 (Beginning) | <u>557,325</u> | <u>1,151,418</u> | <u>1,708,743</u> |
| Net Position - June 30 (Ending) | <u>\$ 572,462</u> | <u>\$ 1,058,084</u> | <u>\$ 1,630,546</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2023

Exhibit H-5

| | 751 | 753 | |
|--|-------------------|--------------------|--------------------|
| | | Workers' | |
| | | Compensation | |
| | Transportation | Insurance | Total |
| Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash Flows from Operating Activities: | | | |
| Cash received from District | \$ - | \$ - | \$ - |
| Internal activity - payment to other funds | 124,151 | 11,364 | 135,515 |
| Cash payments to employees for services | - | (102,117) | (102,117) |
| Cash payments for suppliers | (109,014) | - | (109,014) |
| Net Cash Provided by (Used for) Operating Activities | <u>15,137</u> | <u>(90,753)</u> | <u>(75,616)</u> |
| Net Change in Cash and Cash Equivalents | 15,137 | (90,753) | (75,616) |
| Cash and Cash Equivalents at Beginning of Year | <u>557,325</u> | <u>116,638</u> | <u>673,963</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 572,462</u> | <u>\$ 25,885</u> | <u>\$ 598,347</u> |
| Reconciliation of Operating Income (Loss) to Net Cash | | | |
| Provided by Operating Activities: | | | |
| Operating Income (Loss) | \$ 15,137 | \$ (93,334) | \$ (78,197) |
| Effect of increases in current liabilities: | | | |
| Increase in accrued expenses | - | 2,581 | 2,581 |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 15,137</u> | <u>\$ (90,753)</u> | <u>\$ (75,616)</u> |



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TEA REQUIRED INFORMATION

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1
Page 1 of 2

| | 1 | 2 | 3 | 10 |
|--------------------------|-------------|--------------|--|----------------------------------|
| Last Ten Fiscal Years | Tax Rates | | Net Assessed/Appraised Value For School Tax Purposes | Beginning Balance 7/1/2022 |
| | Maintenance | Debt Service | | |
| 2014 and prior | Various | Various | Various | \$ 455,094 |
| 2015 | 1.0400 | 0.3700 | 3,499,363,902 | 136,940 |
| 2016 | 1.0400 | 0.4895 | 3,687,252,487 | 134,736 |
| 2017 | 1.0400 | 0.4815 | 3,938,843,053 | 114,308 |
| 2018 | 1.0400 | 0.4815 | 4,267,725,999 | 151,615 |
| 2019 | 1.0400 | 0.3500 | 4,716,946,896 | 199,446 |
| 2020 | 1.1700 | 0.3500 | 5,079,772,408 | 501,575 |
| 2021 | 1.0683 | 0.3500 | 5,207,012,365 | 542,938 |
| 2022 | 1.0176 | 0.3400 | 5,768,240,506 | 993,355 |
| 2023 | 0.9329 | 0.3200 | 6,249,795,514 | - |
| 1000 Totals | | | | <u><u>\$ 3,230,007</u></u> |

8000 - Taxes refunded under Section 26.115(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87-2

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1
Page 2 of 2

| | 20 | 31 | 32 | 40 | 50 |
|--------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|--------------------------------|
| Last Ten Fiscal Years | Current Year's Total Levy | Maintenance Total Collections | Debt Service Total Collections | Entire Year's Adjustments | Ending Balance 6/30/2023 |
| 2014 and prior | \$ - | \$ 35,418 | \$ 11,259 | \$ (12,174) | \$ 396,243 |
| 2015 | - | 4,286 | 1,525 | (186) | 130,943 |
| 2016 | - | 4,934 | 2,322 | (201) | 127,279 |
| 2017 | - | 7,654 | 3,544 | (200) | 102,910 |
| 2018 | - | 13,084 | 6,058 | (5,059) | 127,414 |
| 2019 | - | 29,562 | 8,843 | (1,939) | 159,102 |
| 2020 | - | 65,081 | 21,322 | 2,319 | 417,491 |
| 2021 | - | 86,274 | 29,674 | (40,936) | 386,054 |
| 2022 | - | 130,328 | 45,406 | (338,214) | 479,407 |
| 2023 | <u>78,303,688</u> | <u>59,153,736</u> | <u>20,290,702</u> | <u>2,649,059</u> | <u>1,508,309</u> |
| 1000 Totals | <u><u>\$ 78,303,688</u></u> | <u><u>\$ 59,530,357</u></u> | <u><u>\$ 20,420,655</u></u> | <u><u>\$ 2,252,469</u></u> | <u><u>\$ 3,835,152</u></u> |
| | | <u>\$ 25,973</u> | <u>\$ -</u> | | |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit J-2***BUDGETARY COMPARISON SCHEDULE****CHILD NUTRITION FUND****For the Year Ended June 30, 2023**

| | Budget | | Actual | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Local, intermediate, and out-of-state | \$ 466,700 | \$ 466,700 | \$ 730,890 | \$ 264,190 |
| State program revenues | 40,000 | 40,000 | 111,887 | 71,887 |
| Federal program revenues | 5,904,870 | 5,904,870 | 7,053,115 | 1,148,245 |
| Total Revenues | <u>6,411,570</u> | <u>6,411,570</u> | <u>7,895,892</u> | <u>1,484,322</u> |
| Expenditures | | | | |
| Current: | | | | |
| Food services | 6,186,570 | 6,183,376 | 6,825,232 | (641,856) |
| Facilities maintenance and operations | 175,000 | 178,194 | 67,742 | 110,452 |
| Security and monitoring services | 50,000 | 50,000 | 49,950 | 50 |
| Total Expenditures | <u>6,411,570</u> | <u>6,411,570</u> | <u>6,942,924</u> | <u>(531,354)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | 210,473 | 210,473 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>210,473</u> | <u>210,473</u> |
| Net change in fund balance | - | - | 1,163,441 | 1,163,441 |
| Fund Balance - Beginning | <u>1,961,258</u> | <u>1,961,258</u> | <u>1,961,258</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 1,961,258</u> | <u>\$ 1,961,258</u> | <u>\$ 3,124,699</u> | <u>\$ 1,163,441</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2023

Exhibit J-3

| | <u>Budget</u> | | |
|--|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Variance with Final Budget</u> |
| Revenues | | | |
| Local, intermediate, and out-of-state | \$ 17,187,703 | \$ 17,187,703 | \$ 3,784,363 |
| State program revenues | - | - | 839,114 |
| Total Revenues | <u>17,187,703</u> | <u>17,187,703</u> | <u>4,623,477</u> |
| Expenditures | | | |
| Current: | | | |
| Debt Service: | | | |
| Principal and interest on long-term debt | 17,187,703 | 9,820,000 | 350,000 |
| Interest on long-term debt | - | 7,367,703 | (164,528) |
| Total Expenditures | <u>17,187,703</u> | <u>17,187,703</u> | <u>185,472</u> |
| Net change in fund balance | - | - | 4,808,949 |
| Fund Balance - Beginning | <u>12,639,276</u> | <u>12,639,276</u> | <u>-</u> |
| Fund Balance - Ending | <u>\$ 12,639,276</u> | <u>\$ 12,639,276</u> | <u>\$ 4,808,949</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT*Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

| Data Codes | Section A: Compensatory Education Programs | Responses |
|--|---|------------------|
| 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. | \$ 15,157,633 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30) | \$ 8,079,318 |
| Section B: Bilingual Education Programs | | |
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | \$ 1,757,615 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25) | \$ 1,240,531 |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**Schedule L-1****Required Responses to Selected School FIRST Indicators
For the Year Ended June 30, 2023**

| | | |
|-----|--|-----------|
| SF1 | Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole? | Yes |
| SF2 | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end? | No |
| SF3 | Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued. | Yes |
| SF4 | Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold. | No |
| SF5 | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? | No |
| SF6 | Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? | No |
| SF7 | Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end? | Yes |
| SF8 | Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget? | Yes |
| SF9 | Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end. | \$ 94,742 |

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



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FEDERAL AWARDS SECTION



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

To the Board of Trustees
Duncanville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To the Board of Trustees
Duncanville Independent School District

Purpose of this Report

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

Whitley Penn LLP

Dallas, Texas
November 13, 2023

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

To the Board of Trustees
Duncanville Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Duncanville Independent School District’s (the “District”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. 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’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

To the Board of Trustees
Duncanville Independent School District

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.

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

Dallas, Texas
November 13, 2023

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****For the Year Ended June 30, 2023****I. Summary of Auditors' Results****Financial Statements**

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

Federal Awards

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

Identification of major programs:

| <u>Name of Federal Program or Cluster</u> | <u>Assistance Listing Number (ALN)</u> |
|--|---|
| US Department of Education | |
| COVID-19 ARP Homeless II | 84.425W |
| COVID-19 CRRSA Esser II | 84.425D |
| COVID-19 ARP Esser III | 84.425U |
| Federal Communications Commission | |
| Emergency Connectivity Fund | 32.009 |
| Dollar Threshold Considered Between Type A and Type B Federal Programs | \$916,458 |
| Auditee qualified as low risk auditee? | No |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2023

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None Reported

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Exhibit K-1

Page 1 of 2

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal ALN | Pass Through Entity Identifying Number | Federal Expenditures |
|---|----------------|---|--------------------------|
| U.S. Department of Agriculture | | | |
| Passed Through Texas Education Agency: | | | |
| Cash Assistance: | | | |
| School Breakfast Program (SBP) - Seamless Summer Option | 10.553 | 71402301 | \$ 981,819 |
| National School Lunch Program (NSLP) - Seamless Summer Option | 10.555 | 71302301 | 4,940,622 |
| Supply Chain Assistance | 10.555 | 6TX300400 | 451,146 |
| Passed Through Texas Department of Agriculture: | | | |
| Non Cash Assistance (Commodities): | | | |
| National School Lunch Program | 10.555 | 71302301 | 664,488 |
| Total Child Nutrition Cluster (ALN 10.555, 10.553) | | | <u>7,038,075</u> |
| Passed Through Texas Department of Agriculture: | | | |
| Cash Assistance: | | | |
| COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT) | 10.649 | 00523 | 15,040 |
| Total U.S. Department of Agriculture | | | <u>7,053,115</u> |
| U.S. Department of Education | | | |
| Passed Through Texas Education Agency: | | | |
| ESEA Title I, Part A - Improving Basic Programs | 84.010A | 23610101057907 | 2,469,323 |
| ESEA Title I, Part A - Improving Basic Programs | 84.010A | 22610101057907 | 104,075 |
| Title I, 1003 (a) School Improvement | 84.010A | 23610101057907 | 92,543 |
| Total ALN 84.010 | | | <u>2,665,941</u> |
| IDEA - Part B, Formula | 84.027A | 236600010579076000 | 2,494,453 |
| IDEA - Part B, Formula | 84.027A | 226600010579076600 | 139,359 |
| IDEA - Part B, Formula - ARP - COVID 19 | 84.027A | 225350020579075350 | 107,730 |
| IDEA - Part B, Formula - ARP - COVID 19 | 84.027A | 225350010579075350 | 220,056 |
| IDEA - Part B, Preschool | 84.173A | 236610010579076000 | 23,121 |
| IDEA - Part B, Preschool | 84.173A | 226610010579076610 | 411 |
| Total Special Education Cluster (ALN 84.027, 84.173) | | | <u>2,985,130</u> |
| Career and Technical - Basic Grant | 84.048A | 23420006057907 | 147,183 |
| Career and Technical - Basic Grant | 84.048A | 22420006057907 | 9,381 |
| Total ALN 84.048 | | | <u>156,564</u> |
| Title II Part A-Supporting Effective Instruction | 84.367A | 23694501057907 | 319,523 |
| Title II Part A-Supporting Effective Instruction | 84.367A | 22694501057907 | 128,452 |
| Total ALN 84.367 | | | <u>447,975</u> |
| ESEA, Title III, Part A - English Language Acquisition | 84.365A | 23671001057907 | 172,645 |
| ESEA, Title III, Part A - English Language Acquisition | 84.365A | 22671001057907 | 29,244 |
| Total ALN 84.365 | | | <u>201,889</u> |
| Title IV Part A - Student Support and Academic Enrichment | 84.424A | 23680101057907 | 201,790 |
| Title IV Part A - Student Support and Academic Enrichment | 84.424A | 22680101057907 | 11,532 |
| | | | <u>213,322</u> |
| LEP Summer School | 84.369A | 69552202 | 4,438 |
| LEP Summer School | 84.369A | 69552102 | 5,755 |
| | | | <u>10,193</u> |
| COVID-19 ARP Homeless II | 84.425W | 21533002057907 | 36,625 |
| COVID-19 CRRSA Esser II | 84.425D | 21521001057907 | 10,870,788 |
| COVID-19 ARP Esser III | 84.425U | 21528001057907 | 2,828,523 |
| Total ALN 84.425 | | | <u>13,735,936</u> |
| Total U.S. Department of Education | | | <u>20,416,950</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Exhibit K-1
Page 2 of 2

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal ALN | Pass Through Entity Identifying Number | Federal Expenditures |
|---|----------------|---|-------------------------|
| Federal Communications Commission | | | |
| Direct | | | |
| <i>Emergency Connectivity Fund</i> | 32.009 | ECF222119758 | \$ 2,503,331 |
| Total Federal Communications Commissions | | | 2,503,331 |
| U.S. Department of Justice | | | |
| Passed Through Texas Education Agency: | | | |
| <i>COPS Office School Violence Prevention Program Award (SVP)</i> | 16.710 | 2019SVWX0032 | 82,486 |
| Total U.S. Department of Justice | | | 82,486 |
| U.S. Department of Health and Human Services | | | |
| Passed Through Texas Health and Human Services Commission: | | | |
| <i>Medicaid Administrative Claiming (MAC) Program</i> | 93.778 | 529-07-0157-00167 | 50,593 |
| <i>Total Medicaid Cluster (ALN 93.778)</i> | | | 50,593 |
| Passed Through Texas Education Agency: | | | |
| <i>COVID-19 - School Health Support Grant</i> | 93.323 | 22393502711037 | 442,135 |
| Total U.S. Department of Health and Human Services | | | 492,728 |
| Total Expenditures of Federal Awards | | | \$ 30,548,610 |

Note 1 - Basis of Accounting

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents on a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of the federal program revenues reported in the District's Annual Financial Report and total expenditures per the Schedule of Expenditures of Federal Awards:

| | | |
|---|-----------|-------------------|
| Total Expenditures of Federal Awards per Exhibit K-1 | \$ | 30,548,610 |
| Medicaid SHARS | | 740,574 |
| Total Federal Revenues per Exhibit C-2 | <u>\$</u> | <u>31,289,184</u> |

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

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

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

I. Prior Audit Findings

Finding 2022-001

Assistance Listing # 84.010A Title I, Part A Department of Education passed through Texas Education Agency

Compliance Requirements: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Significant Deficiency in Controls over Compliance

Criteria or Specific Requirement

The District is responsible for ensuring compliance with all applicable provisions of the Title I, Part A Elementary and Secondary Education Act (ESSEA) as prescribed by the U.S. Department of Education. According to requirements included in the OMB Compliance Supplement, to remove a student from the cohort, a Local Education Agency (LEA) must confirm, in writing, that the student transferred out, emigrated to another country, transferred to a prison or juvenile facility, or is deceased.

Condition and Context

During internal control over compliance testing over special tests and provisions for the high school graduation rate, we noted that two (2) out of forty (40) selections of removal of a student from the regulatory adjusted cohort did not have appropriate written documentation to support the removal.

Cause

The District's campus withdrawal clerk for the campus that the students were removed from resigned during the time period of the two removals and therefore the appropriate written documentation for the students that were removed was not properly completed.

Current Status – The prior finding has been corrected.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2023

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

I. Corrective Action Plan

Not Applicable



DUNCANVILLE ISD
Writing success stories, one student at a time.