

**YOAKUM
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

YOAKUM INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

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Introductory Section

CERTIFICATE OF BOARD

Yoakum Independent School District
Name of School District

Dewitt
County

062-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2022, at a meeting of the board of trustees of such school district on the 14th day of November, 2022.



Signature of Board Secretary



Signature of Board President

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

Financial Section



Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants
Financial Consultants
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Independent Auditors' Report

Board of Trustees
Yoakum Independent School District
P.O. Box 737
Yoakum, Texas 77995

Members of the Board of Trustees:

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 Yoakum Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Yoakum Independent School District, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Yoakum Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Yoakum Independent School 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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Yoakum Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yoakum Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 10 through 16, the budgetary comparison information on page 57, the information related to the District's pension plan on pages 58 through 61, and the information related to the District's other post-employment benefits on pages 62 through 65, 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 Yoakum Independent School District's basic financial statements. The accompanying supplementary information on pages 68 through 72 and the schedule of expenditures of federal awards on pages 81 through 82, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note P to the financial statements, during the year ended August 31, 2022, the District adopted new accounting guidance prescribed by GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of Yoakum Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yoakum Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yoakum Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Roloff, Hnatek & Co., L.L.P.
November 10, 2022

Management's Discussion and Analysis (Unaudited)

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

As management of Yoakum Independent School District ("District"), we offer readers as an introduction to the District's financial statements, this narrative overview and analysis of the District's activities and financial performance for the year ended August 31, 2022. This discussion and analysis is designed to assist readers in concentrating on the significant financial issues and activities and to identify any significant changes in financial position. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The net position of the District at August 31, 2022 was \$21,916,212.
- The District's total net position increased as a result of current year operations by \$3,498,579, or 19%, from the prior year.
- The general fund had a fund balance of \$911,834 at August 31, 2022, an increase of \$389,845, or 75%, from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report of the District consists of three parts – management's discussion and analysis (this section), the basic financial statements, and 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.
- The *governmental funds* statements tell how the general government services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund statements*, if any, offer *short-term* 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 statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

The table on the following page summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

Major Features of the District's Government-wide and Fund Financial Statements

Features	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or custodian for someone else's resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 and liabilities. 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 report the District's net position and how it has changed. Net position is the difference between the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and is one way to measure the District's financial health or position.

- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- To assess the overall health of the District, one needs 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*. Most of the District's basic services are included here, such as instruction, curriculum, staff development, general administration, extracurricular activities and health services. Property taxes, state-aid, and grants finance most of these activities.

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* and 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 specific purposes.

- Some funds are required by State law and by bond covenants, if any.
- 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.

The District has the following kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted into 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 operations. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds* - The District is the trustee, or fiduciary, for certain funds such as club and class funds and payroll withholding funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Other Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain *other supplementary information* on property taxes, indirect costs, fund balance, budgetary information and other reports required by Texas Education Agency and/or *Government Auditing Standards*.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

One fundamental question that is most asked of an entity is, as a whole "Are you better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District's activities in a way that should help answer this question. These two statements report the net position of the District and changes therein. The District's net position (the difference between assets and liabilities) can be thought of as a way to measure the financial health of the District. Over time, increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating. However, you will need to consider other information that is non-financial in nature, such as changes in economic conditions, demographic information, mandated state and federal regulations, and new or changed government legislation.

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

Statement of Net Position

The statement of net position serves as a useful indicator over time of the District's financial position. It distinguishes assets plus deferred outflows of resources and liabilities plus deferred inflows of resources as to their expected use for current operations and capital investment. The District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of fiscal year 2022 by \$21,916,212. The following condensed Statement of Net Position provides an overview of the District's net position as of August 31, 2022 and 2021.

	<u>Governmental Activities</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022 - 2021</u>	<u>2022 - 2021</u>
Assets:				
Other Assets	\$ 4,331,710	\$ 4,165,409	\$ 166,301	4%
Capital Assets	67,904,597	69,811,087	(1,906,490)	(3%)
Total Assets	<u>72,236,307</u>	<u>73,976,496</u>	<u>(1,740,189)</u>	(2%)
Deferred Outflows of Resources	<u>4,214,721</u>	<u>4,147,576</u>	<u>67,145</u>	2%
Liabilities:				
Current Liabilities	1,176,351	1,557,323	(380,972)	(24%)
Non-Current Liabilities	44,685,947	51,443,243	(6,757,296)	(13%)
Total Liabilities	<u>45,862,298</u>	<u>53,000,566</u>	<u>(7,138,268)</u>	(13%)
Deferred Inflows of Resources	<u>8,672,518</u>	<u>6,705,873</u>	<u>1,966,645</u>	29%
Net Position:				
Net Investment in Capital Assets	32,569,140	30,930,420	1,638,720	5%
Restricted	1,359,625	1,477,646	(118,021)	(8%)
Unrestricted	<u>(12,012,553)</u>	<u>(13,990,433)</u>	<u>1,977,880</u>	14%
Total Net Position	<u>\$ 21,916,212</u>	<u>\$ 18,417,633</u>	<u>\$ 3,498,579</u>	19%

A portion of the District's net position (\$32,569,140) reflects its investment in capital assets (e.g., land, buildings, vehicles, and furniture and equipment) less the remaining balance of the related debt, if any, used to acquire those assets. The District uses these capital assets to provide services to its students and, consequently, these assets are not available for future spending. The restricted portion of the District's net position (\$1,359,625) is for debt service, campus activities, cooperatives, and local grants. The remaining balance represents the District's unrestricted net position.

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

Statement of Activities

The statement of activities serves as a measure to determine how successful the District was during the past year in recovering its costs through property taxes, state and federal grants, charges for services and other revenues. The following condensed statement of activities summarizes the operations of the District for the years ended August 31, 2022 and 2021.

	Governmental Activities		\$ Change	% Change
	2022	2021	2022 - 2021	2022 - 2021
Program Revenues:				
Charges for Services	\$ 3,764,251	\$ 3,510,611	\$ 253,640	7%
Operating Grants and Contributions	5,679,750	6,573,515	(893,765)	(14%)
General Revenues:				
Property Taxes	11,916,896	12,372,516	(455,620)	(4%)
State Aid-Formula	8,922,432	8,433,156	489,276	6%
Investment Earnings	10,575	10,415	160	2%
Misc. Local and Intermediate Revenue	452,762	507,840	(55,078)	(11%)
Total Revenues	<u>30,746,666</u>	<u>31,408,053</u>	<u>(661,387)</u>	<u>(2%)</u>
Expenses:				
Instruction	13,184,236	14,228,277	(1,044,041)	(7%)
Instructional Resources and Media Services	190,174	207,330	(17,156)	(8%)
Curriculum and Staff Development	106,249	76,445	29,804	39%
Instructional Leadership	475,429	395,618	79,811	20%
School Leadership	946,251	1,104,353	(158,102)	(14%)
Guidance, Counseling, and Evaluation Svcs.	1,663,303	1,689,061	(25,758)	(2%)
Health Services	458,873	470,804	(11,931)	(3%)
Student (Pupil) Transportation	538,422	502,485	35,937	7%
Food Services	1,450,526	1,414,017	36,509	3%
Extracurricular Activities	1,788,095	1,661,862	126,233	8%
General Administration	1,657,461	1,625,635	31,826	2%
Facilities Maintenance and Operations	2,492,049	2,618,649	(126,600)	(5%)
Security and Monitoring Services	141,820	81,924	59,896	73%
Data Processing Services	5,107	26,412	(21,305)	(81%)
Community Services	62,415	67,394	(4,979)	(7%)
Interest on Long-Term Debt	553,812	1,119,150	(565,338)	(51%)
Bond Issuance Cost and Fees	116,405	500	115,905	23,181%
Payments Related to Shared Svcs. Arrang.	1,417,460	1,269,129	148,331	12%
Total Expenses	<u>27,248,087</u>	<u>28,559,045</u>	<u>(1,310,958)</u>	<u>(5%)</u>
Increase (Decrease) in Net Position	<u>\$ 3,498,579</u>	<u>\$ 2,849,008</u>	<u>\$ 649,571</u>	

The District's total revenues and expenses decreased by 2% and 5%, respectively. The District experienced significant increases in revenues from charges for services and state aid-formula, while having significant decreases in operating grants and contributions and property taxes. There were significant increases in expenses in the functional categories of extracurricular activities, bond issuance cost and fees, and payments related to shared services arrangements, while there were significant decreases in the functional categories of instruction, school leadership, facilities maintenance and operations and interest on long-term debt. The fiscal year operations resulted in an increase of \$649,571.

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$31,958,848, an increase of approximately 3% from the preceding year. Local revenue decreased by approximately 2% while state and federal revenues increased by approximately 7%. Expenditures from governmental fund types totaled \$31,608,031, an increase of approximately 6%. The increase in expenditures resulted primarily from significant increases in the functional categories of instruction, instructional leadership, guidance, counseling, and evaluation services, student (pupil) transportation, food services, extracurricular activities, general administration, principal on long-term debt, bond issuance cost and fees, and payments related to shared services arrangements combined with significant decreases in the functional categories of interest on long-term debt and facilities acquisition and construction.

General Fund Budgetary Highlights

Over the course of the year, the District revised its general fund budget several times. The following budgeted expenditures were significantly changed by budget amendments to accommodate unanticipated increases and decreases in expenditures subsequent to the adoption of the original budget.

- Function 11 (Instruction)
- Function 34 (Student (Pupil) Transportation)
- Function 36 (Extracurricular Activities)
- Function 93 (Payments to Fiscal Agent/Member Districts of SSA)

Total actual revenues were \$121,346 more than the final budgeted amount due primarily to state program revenues being more than anticipated. Total actual expenditures were \$662,031 below final budget amounts due primarily to a significant favorable variance in functions 11 (Instruction) and 34 (Student (Pupil) Transportation) combined with other insignificant favorable variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of August 31, 2022 was \$67,904,597 (net of accumulated depreciation). This investment in capital assets includes school facilities, machinery and equipment, furniture, and vehicles. This amount represents a net decrease (including additions, deletions, and depreciation expense) of \$1,906,490 from fiscal year 2021. Additional information regarding the District's capital assets can be found in Note C to the financial statements. The following table summarizes the District's capital assets (net of accumulated depreciation) as of August 31, 2022 and 2021.

	Governmental Activities		\$ Change	% Change
	2022	2021	2022 - 2021	2022 - 2021
Land	\$ 1,736,091	\$ 1,675,518	\$ 60,573	4%
Buildings and Improvements	88,560,493	88,521,616	38,877	0%
Vehicles, Furniture and Equipment	3,939,496	3,728,243	211,253	6%
Totals at Historical Cost	94,236,080	93,925,377	310,703	0%
Total Accumulated Depreciation	(26,331,483)	(24,114,290)	(2,217,193)	9%
Net Capital Assets	\$ 67,904,597	\$ 69,811,087	\$ (1,906,490)	(3%)

YOAKUM INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED AUGUST 31, 2022

Long-term Debt

As of August 31, 2022, the District had long-term debt outstanding of \$35,335,457. This amount is comprised entirely of general obligation bonds and a line of credit. Additional information regarding the District’s long-term debt can be found in Note E to the financial statements. The following table summarizes the District’s long-term debt outstanding at August 31, 2022 and 2021.

	<u>Governmental Activities</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2022</u>	<u>2021</u>	<u>2022 - 2021</u>	<u>2022 - 2021</u>
General Obligation Bonds	\$ 34,335,457	\$ 37,730,667	\$ (3,395,210)	(9%)
Line of Credit	1,000,000	1,150,000	(150,000)	(13%)
Total Governmental Activities	<u>\$ 35,335,457</u>	<u>\$ 38,880,667</u>	<u>\$ (3,545,210)</u>	(9%)

ECONOMIC OUTLOOK

The District has adopted a property tax rate of \$1.19 for the fiscal year ending 2023 based on its approved budget and total assessed taxable property values. Of the total tax rate, \$0.85 per \$100 is for the purpose of maintenance and operations and \$0.34 per \$100 is for the payment of principal and interest on debt.

The District’s average daily attendance is expected to be approximately 1,428 for the fiscal year ending 2023. These factors were taken into consideration when adopting the general fund budget for fiscal year ending 2023. The District has a balanced budget for fiscal year ending 2023.

REQUESTS FOR INFORMATION

This financial report is designed to provide 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, contact the District’s Administrative Office.

Basic Financial Statements

YOAKUM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,309,510
1120 Current Investments	1,800,000
1220 Property Taxes - Delinquent	968,993
1230 Allowance for Uncollectible Taxes	(204,118)
1240 Due from Other Governments	457,143
1267 Due from Fiduciary Funds	182
Capital Assets:	
1510 Land	1,736,091
1520 Buildings, Net	65,135,026
1530 Furniture and Equipment, Net	1,033,480
1000 Total Assets	72,236,307
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	476,664
1702 Deferred Outflow - State Foundation Program	787,681
1705 Deferred Outflow Related to TRS Pension	1,766,983
1706 Deferred Outflow Related to TRS OPEB	1,183,393
1700 Total Deferred Outflows of Resources	4,214,721
LIABILITIES	
2110 Accounts Payable	446
2140 Interest Payable	67,297
2150 Payroll Deductions and Withholdings	3,013
2160 Accrued Wages Payable	1,058,033
2177 Due to Fiduciary Funds	4,000
2200 Accrued Expenses	43,562
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	4,613,398
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	30,722,059
2540 Net Pension Liability (District's Share)	2,660,333
2545 Net OPEB Liability (District's Share)	6,690,157
2000 Total Liabilities	45,862,298
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	3,244,556
2606 Deferred Inflow Related to TRS OPEB	5,427,962
2600 Total Deferred Inflows of Resources	8,672,518
NET POSITION	
3200 Net Investment in Capital Assets	32,569,140
Restricted:	
3850 Restricted for Debt Service	794,239
3870 Restricted for Campus Activities	53,031
3890 Restricted for Other Purposes	512,355
3900 Unrestricted	(12,012,553)
3000 Total Net Position	\$ 21,916,212

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 13,184,236	\$ 3,429,728	\$ 2,615,770	\$ (7,138,738)
12	Instructional Resources and Media Services	190,174	-	1,811	(188,363)
13	Curriculum and Instructional Staff Development	106,249	-	69,793	(36,456)
21	Instructional Leadership	475,429	-	99,075	(376,354)
23	School Leadership	946,251	-	(12,394)	(958,645)
31	Guidance, Counseling, and Evaluation Services	1,663,303	-	1,189,165	(474,138)
33	Health Services	458,873	-	(12,587)	(471,460)
34	Student (Pupil) Transportation	538,422	-	94,358	(444,064)
35	Food Services	1,450,526	93,471	1,421,237	64,182
36	Extracurricular Activities	1,788,095	42,789	(9,039)	(1,754,345)
41	General Administration	1,657,461	198,263	(28,799)	(1,487,997)
51	Facilities Maintenance and Operations	2,492,049	-	79,941	(2,412,108)
52	Security and Monitoring Services	141,820	-	82,363	(59,457)
53	Data Processing Services	5,107	-	-	(5,107)
61	Community Services	62,415	-	56,349	(6,066)
72	Debt Service - Interest on Long-Term Debt	553,812	-	32,707	(521,105)
73	Debt Service - Bond Issuance Cost and Fees	116,405	-	-	(116,405)
93	Payments Related to Shared Services Arrangements	1,417,460	-	-	(1,417,460)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 27,248,087	\$ 3,764,251	\$ 5,679,750	(17,804,086)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			7,177,748	
DT	Property Taxes, Levied for Debt Service			4,739,148	
SF	State Aid - Formula Grants			8,922,432	
IE	Investment Earnings			10,575	
MI	Miscellaneous Local and Intermediate Revenue			452,762	
TR	Total General Revenues			21,302,665	
CN	Change in Net Position			3,498,579	
NB	Net Position - Beginning			18,417,633	
NE	Net Position - Ending			\$ 21,916,212	

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10 General Fund	Special Education Coop. (SSA)	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 459,791	\$ 246,208	\$ 64,340
1120 Investments - Current	-	-	1,800,000
1220 Property Taxes - Delinquent	690,030	-	278,963
1230 Allowance for Uncollectible Taxes	(145,355)	-	(58,763)
1240 Due from Other Governments	63,354	-	-
1260 Due from Other Funds	1,127,681	-	-
1000 Total Assets	<u>\$ 2,195,501</u>	<u>\$ 246,208</u>	<u>\$ 2,084,540</u>
LIABILITIES			
2110 Accounts Payable	\$ 258	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	3,013	-	-
2160 Accrued Wages Payable	709,663	232,428	-
2170 Due to Other Funds	4,000	-	883,779
2200 Accrued Expenditures	22,058	9,619	-
2000 Total Liabilities	<u>738,992</u>	<u>242,047</u>	<u>883,779</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	544,675	-	220,199
2600 Total Deferred Inflows of Resources	<u>544,675</u>	<u>-</u>	<u>220,199</u>
FUND BALANCES			
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	-	980,562
3490 Other Restricted Fund Balance	-	4,161	-
3600 Unassigned Fund Balance	911,834	-	-
3000 Total Fund Balances	<u>911,834</u>	<u>4,161</u>	<u>980,562</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,195,501</u>	<u>\$ 246,208</u>	<u>\$ 2,084,540</u>

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

Other Funds	Total Governmental Funds
\$ 539,171	\$ 1,309,510
-	1,800,000
-	968,993
-	(204,118)
393,789	457,143
-	1,127,681
<u>\$ 932,960</u>	<u>\$ 5,459,209</u>
\$ 188	\$ 446
-	3,013
115,942	1,058,033
243,720	1,131,499
11,885	43,562
<u>371,735</u>	<u>2,236,553</u>
-	764,874
<u>-</u>	<u>764,874</u>
-	980,562
561,225	565,386
-	911,834
<u>561,225</u>	<u>2,457,782</u>
<u>\$ 932,960</u>	<u>\$ 5,459,209</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	2,457,782
1 Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		67,904,597
2 Long-term debt obligations are not due and payable in the current period, therefore, are not reported as liabilities in the governmental funds. Long-term obligations at year-end consist of: bonds payable of \$30,715,000, the related unamortized premium on bonds payable of \$3,620,457, and a line of credit of \$1,000,000.		(35,335,457)
3 Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(67,297)
4 Property taxes are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		764,874
5 State Foundation Program revenues receivable, but not yet available, are not financial resources and, therefore, are not reported in the governmental funds.		787,681
6 Deferred charge on refunding bonds does not require the use of current financial resources, and, therefore, is not reported as an asset in the governmental funds.		476,664
7 The District's proportionate share of the net pension liability of \$2,660,333, deferred inflow of resources of \$3,244,556, and deferred outflow of resources of \$1,766,983 related to the net pension liability do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.		(4,137,906)
8 The District's proportionate share of the net OPEB liability of \$6,690,157, deferred inflow of resource of \$5,427,962, and deferred outflow of resources of \$1,183,393 related to the net OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in the governmental funds.		(10,934,726)
19 Net Position of Governmental Activities	\$	<u>21,916,212</u>

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	Special Education Coop. (SSA)	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 7,919,540	\$ 3,250,001	\$ 4,713,262
5800 State Program Revenues	9,660,771	218,831	32,707
5900 Federal Program Revenues	916	-	-
5020 Total Revenues	<u>17,581,227</u>	<u>3,468,832</u>	<u>4,745,969</u>
EXPENDITURES:			
Current:			
0011 Instruction	8,578,134	2,588,077	-
0012 Instructional Resources and Media Services	201,091	-	-
0013 Curriculum and Instructional Staff Development	5,167	21,545	-
0021 Instructional Leadership	134,608	237,941	-
0023 School Leadership	951,302	93,825	-
0031 Guidance, Counseling, and Evaluation Services	23,951	433,048	-
0033 Health Services	166,694	2,956	-
0034 Student (Pupil) Transportation	548,310	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,291,368	-	-
0041 General Administration	1,262,471	-	-
0051 Facilities Maintenance and Operations	2,210,132	56,150	-
0052 Security and Monitoring Services	52,308	-	-
0053 Data Processing Services	784	-	-
0061 Community Services	6,000	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	150,000	-	3,535,000
0072 Interest on Long-Term Liabilities	40,722	-	982,015
0073 Bond Issuance Cost and Fees	-	-	116,405
Capital Outlay:			
0081 Facilities Acquisition and Construction	150,880	12,090	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	1,417,460	-	-
6030 Total Expenditures	<u>17,191,382</u>	<u>3,445,632</u>	<u>4,633,420</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>389,845</u>	<u>23,200</u>	<u>112,549</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	19,395,000
7916 Premium or Discount on Issuance of Bonds	-	-	2,719,467
8949 Other (Uses)	-	-	(21,998,612)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>115,855</u>
1200 Net Change in Fund Balances	389,845	23,200	228,404
0100 Fund Balance - September 1 (Beginning)	<u>521,989</u>	<u>(19,039)</u>	<u>752,158</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 911,834</u>	<u>\$ 4,161</u>	<u>\$ 980,562</u>

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

Other Funds	Total Governmental Funds
\$ 200,100	\$ 16,082,903
254,030	10,166,339
<u>5,708,690</u>	<u>5,709,606</u>
6,162,820	31,958,848
1,858,969	13,025,180
4,050	205,141
79,537	106,249
135,661	508,210
5,555	1,050,682
1,306,871	1,763,870
340,340	509,990
109,752	658,062
1,511,482	1,511,482
99,385	1,390,753
470,989	1,733,460
272,501	2,538,783
82,363	134,671
1,936	2,720
58,206	64,206
-	3,685,000
-	1,022,737
-	116,405
-	162,970
-	<u>1,417,460</u>
<u>6,337,597</u>	<u>31,608,031</u>
<u>(174,777)</u>	<u>350,817</u>
-	19,395,000
-	2,719,467
-	<u>(21,998,612)</u>
-	115,855
<u>(174,777)</u>	<u>466,672</u>
<u>736,002</u>	<u>1,991,110</u>
<u>\$ 561,225</u>	<u>\$ 2,457,782</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 466,672
Governmental funds report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Current year capital outlay, depreciation expense, and loss on disposition totaled \$356,213, \$2,259,423, and \$3,280, respectively, for a net effect of \$1,906,490.	(1,906,490)
Repayment of principal for long-term obligations is an expenditure in the governmental funds, but is reported as a reduction to the long-term liabilities in the Statement of Net Position.	3,685,000
The change in accrued interest payable is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	16,196
The amortization of bond premiums and the deferred charge on refunding are reported in the Statement of Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	452,729
The change in deferred tax revenue is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.	64,861
The change in State Foundation Program revenues receivable, but not yet available, is reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as revenues in the governmental funds.	112,668
The activity related to the issuance of the Series 2022 Unlimited Tax Refunding Bonds are reported as other financing sources and uses in the governmental funds, but are reported as additions and reductions to the long-term liabilities in the Statement of Net Position.	(115,855)
The net change in the net pension liability, deferred inflow of resources and deferred outflow of resources related to the net pension liability are reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following: net pension liability decreased by \$3,186,896, deferred inflow of resources increased by \$2,166,523, and deferred outflow of resources decreased by \$800,348, for a net effect of \$220,025.	220,025

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

The net change in the net OPEB liability, deferred inflow of resources and deferred outflow of resources related to the net OPEB liability are reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following: net OPEB liability decreased by \$25,190, deferred inflow of resources decreased by \$199,422, and deferred outflow of resources increased by \$278,161, for a net effect of \$502,773.	502,773
 Change in Net Position of Governmental Activities	<hr/> \$ 3,498,579 <hr/>

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

	Private Purpose Trust Funds	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 5,978	\$ 70,085
Due from Other Funds	4,000	-
Total Assets	<u>9,978</u>	<u>\$ 70,085</u>
LIABILITIES		
Due to Other Funds	-	182
Total Liabilities	<u>-</u>	<u>182</u>
NET POSITION		
Restricted for Scholarships	9,978	-
Restricted for Other Purposes	-	69,903
Total Net Position	<u>\$ 9,978</u>	<u>\$ 69,903</u>

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Private Purpose Trust Funds	Total Custodial Funds
ADDITIONS:		
Cocurricular Services or Activities	\$ -	\$ 109,943
Earnings from Temporary Deposits	62	-
Rent	3,250	-
Total Additions	<u>3,312</u>	<u>109,943</u>
DEDUCTIONS:		
Supplies and Materials	<u>6,566</u>	<u>103,083</u>
Total Deductions	<u>6,566</u>	<u>103,083</u>
Change in Fiduciary Net Position	(3,254)	6,860
Total Net Position - September 1 (Beginning)	<u>13,232</u>	<u>63,043</u>
Total Net Position - August 31 (Ending)	<u>\$ 9,978</u>	<u>\$ 69,903</u>

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of Yoakum Independent School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governmental units in conjunction with the Texas Education Agency’s Financial Accountability System Resource Guide (“Resource Guide”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The Board of School Trustees (“Board”), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (“TEA”) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statement No. 14, “The Financial Reporting Entity,” as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District’s funds, with separate statements presented for each fund category. 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.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Special Education Cooperative - Shared Services Arrangement: This fund is used to account for revenues and expenditures associated with the District's special education cooperative with local member districts.

Debt Service Fund: This fund is used to account for the receipt of property tax revenues, and related penalties and interest, state facilities allotment grant revenues, and the payment of long-term debt financed by such revenues.

In addition, the District reports the following fund types:

Special Revenue Funds: These funds are used to account for resources restricted, committed, or assigned for specific purposes by a grantor or Board. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the programs.

Fiduciary Funds: These funds are used to account for assets held by the District in a trustee capacity or as a custodian for individuals, private organizations and/or other funds.

- **Private-Purpose Trust Funds** - Private-purpose trust funds are used to account for resources legally held in trust under which the principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds held in trust for students.
- **Custodial Funds** - The District accounts for resources held for students and other organizations in a custodial capacity in the custodial funds.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. 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.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies (Continued)

Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Pensions: 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: 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 other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, 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 a pay-as-you-go plan and all cash is held in a cash account.

Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. Property taxes receivable are presented in the accompanying statement of net position and balance sheet as of August 31, 2022.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies (Continued)

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land Improvements	10-30
Buildings	50
Building Improvements	5-30
Furniture and Equipment	6-20
Vehicles	10

d. Receivable and Payable Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Interfund Activity

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

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Significant Accounting Policies (Continued)

g. Data Control codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

Fund Balance Policy

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), the District reports fund balances for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The *nonspendable* classification represents assets that will be consumed or “must be maintained in tact” and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the *restricted* classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications – committed, assigned, and unassigned.

Committed fund balance includes amounts that can only be used for specific purposes, and is reported pursuant to resolutions passed by the Board of Trustees, the District’s highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by Board of Trustees.

Assigned fund balance includes amounts that the District intends to use for specific purposes, but that do not meet the definition of restricted or committed fund balance. Under the District’s adopted policy, amounts may be assigned by the Superintendent or Assistant Superintendent for Business and Operations.

Unassigned fund balance includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board’s commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board.

Restricted fund balances in the special revenue funds represent state and federal grants as well as amounts restricted by donors to include the special education coop, campus activity funds and foundation donations. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District’s policy to use restricted resources first, then unrestricted resources. When the District incurs an expenditure or expense for which committed, assigned, or unassigned may be used, it is the District’s policy to use committed, then assigned, and then unassigned.

The District has also adopted a policy to strive to maintain a minimum fund balance in the General Fund equal to 25% of operating expenditures, with an unassigned fund balance of at least 20% of operating expenditures. See Note O for additional information regarding the District’s fund balance.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

B. Deposits and Investments

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

Cash Deposits

At August 31, 2022, the carrying amount of the District's deposits was \$3,185,573 (of which \$1,800,000 was invested in a certificate of deposit and included in current investments) and the bank balance was \$4,184,380. The District's cash deposits at August 31, 2022 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 is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

Fair Value Measurements

The District categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority,
- Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and
- Level 3 inputs which consist of other unobservable inputs and have the lowest priority.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

B. Deposits and Investments (Continued)

The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the District measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 and Level 2 inputs are not available.

The District’s investments as of August 31, 2022 consist entirely of a certificate of deposit that is not subject to fair value measurements as follows:

Investment or Investment Type	Reported Amount
Certificates of Deposit	\$ 1,800,000

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk. At August 31, 2022, the District did not hold any investments.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the district was not exposed to interest rate risk.

e. Foreign Currency Risk

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

B. Deposits and Investments (Concluded)

Investment Accounting Policy

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 the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

C. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets Not Being Depreciated				
Land	\$ 1,675,518	\$ 60,573	\$ -	\$ 1,736,091
Capital Assets Being Depreciated				
Building and Improvements	88,521,616	78,237	39,360	88,560,493
Vehicles, Furniture and Equipment	3,728,243	217,403	6,150	3,939,496
Total Capital Assets at Historical Cost	<u>93,925,377</u>	<u>356,213</u>	<u>45,510</u>	<u>94,236,080</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	21,415,964	2,045,583	36,080	23,425,467
Vehicles, Furniture and Equipment	2,698,326	213,840	6,150	2,906,016
Total Accumulated Depreciation	<u>24,114,290</u>	<u>2,259,423</u>	<u>42,230</u>	<u>26,331,483</u>
Governmental Activities Capital Assets, Net	<u>\$ 69,811,087</u>	<u>\$ (1,903,210)</u>	<u>\$ 3,280</u>	<u>\$ 67,904,597</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,500,942
Instructional Resources and Media Services	4,382
School Leadership	4,382
Health Services	1,567
Student (Pupil) Transportation	99,273
Food Services	38,816
Extracurricular Activities	487,973
General Administration	43,867
Facilities Maintenance and Operations	68,685
Security and Monitoring Services	7,149
Data Processing Services	2,387
Total	<u>\$ 2,259,423</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

D. Interfund Balances and Activities

Due to and From Other Funds

Balances due to and due from other funds at August 31, 2022, consisted of the following:

<u>Due to Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Debt Service Funds	\$ 883,779	Short-term Loans
General Fund	Other Funds	243,720	Short-term Loans
Private Purpose Trust Funds	General Fund	4,000	Short-term Loans
General Fund	Custodial Funds	182	Short-term Loans
		<u>\$ 1,131,681</u>	

All amounts are scheduled to be repaid within one year.

Transfers To and From Other Funds

There are no transfers to and from other funds during the year ended August 31, 2022.

E. Long-Term Obligations

General Obligation Bonds

During the year ended August 31, 2014, the District called for a bond election in which voters approved the issuance of \$45,050,000 of general obligation bonds (Series 2014). Proceeds from the sale of the bonds were used for the construction and improvement of District facilities. The proceeds of the bonds included a premium of \$5,177,544, which is being amortized through August 31, 2022 using the straight-line method, which does not differ significantly from the effective-interest method. A portion of these bonds were refunded during the year ended August 31, 2018.

During the year ended August 31, 2016, general obligation bonds (Series 2015) totaling \$5,315,000 were issued for a current refunding of \$5,505,000 of the series 2008 general obligation bonds. The proceeds of the refunding bonds included a premium of \$346,318 to be amortized through August 31, 2028 using the straight-line method, which does not differ significantly from the effective-interest method. The refunding transaction resulted in an economic gain of \$494,718 and a reduction of \$564,998 in future debt service payments. The reacquisition price exceeded the net carrying value amount of the old debt by \$23,040. This deferred charge on refunding was expensed entirely during the year ended August 31, 2016.

During the year ended August 31, 2018, general obligation bonds (Series 2017) totaling \$12,565,762 were issued for an advanced refunding of \$11,785,000 of the series 2014-A general obligation bonds. The proceeds of the refunding bonds included a premium of \$1,255,762 to be amortized through August 31, 2034 using the straight-line method, which does not differ significantly from the effective-interest method. The refunding transaction resulted in an economic gain of \$1,531,457 and a reduction of \$1,918,673 in future debt service payments. The reacquisition price exceeded the net carrying value amount of the old debt by \$661,059. This deferred loss was amortized through August 31, 2019 using the straight-line method.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

E. Long-Term Obligations (Continued)

During the year ended August 31, 2022, general obligation bonds (Series 2022) totaling \$19,395,000 were issued for a refunding of \$21,500,000 of the series 2014 general obligation bonds. The proceeds of the refunding bonds included a premium of \$2,719,467 to be amortized through August 31, 2034 using the effective-interest method. The refunding transaction resulted in an economic gain of \$3,553,136 and a reduction of \$3,932,484 in future debt service payments. The reacquisition price exceeded the net carrying value amount of the old debt by \$498,612. This deferred charge on refunding will be amortized through August 31, 2034 using the straight-line method.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Line of Credit

The District entered into an agreement with Yoakum National Bank for a maximum revolving unsecured line of credit of \$3,000,000 during the year ended August 31, 2018. The outstanding balance of \$1,000,000 was due on October 5, 2022 with interest payable at a rate of 3.67%. The District paid \$150,000 in principal plus accrued interest on October 5, 2022, and entered into an agreement to extend the due date to October 5, 2023 for the remaining outstanding balance of \$850,000.

Long-Term Debt Activity

Changes in long-term obligations for the year ended August 31, 2022, are as follows:

<u>Governmental Activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Tax Refunding Bonds:					
Series 2015	\$ 3,145,000	\$ -	\$ 410,000	\$ 2,735,000	\$ 425,000
Series 2017	9,840,000	-	730,000	9,110,000	770,000
Series 2022	-	19,395,000	525,000	18,870,000	1,780,000
Unlimited Tax School Building Bonds:					
Series 2014-B	23,370,000	-	23,370,000	-	-
Unamortized Premium	1,375,667	2,719,467	474,677	3,620,457	638,398
Total Bonds	<u>37,730,667</u>	<u>22,114,467</u>	<u>25,509,677</u>	<u>34,335,457</u>	<u>3,613,398</u>
Line of Credit	1,150,000	-	150,000	1,000,000	1,000,000
Total	<u>\$ 38,880,667</u>	<u>\$ 22,114,467</u>	<u>\$ 25,659,677</u>	<u>\$ 35,335,457</u>	<u>\$ 4,613,398</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

E. Long-Term Obligations (Continued)

Debt service requirements on long-term debt at August 31, 2022, are as follows:

Year Ending August 31,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 3,613,398	\$ 581,115	\$ 4,194,513
2024	3,701,820	497,517	4,199,337
2025	3,776,141	418,759	4,194,900
2026	3,856,126	338,224	4,194,350
2027	3,941,444	256,287	4,197,731
2028 - 2032	11,575,836	517,314	12,093,150
2033 - 2034	3,870,692	94,883	3,965,575
Total	<u>\$ 34,335,457</u>	<u>\$ 2,704,099</u>	<u>\$ 37,039,556</u>

Year Ending August 31,	Line of Credit		
	Principal	Interest	Total
2023	<u>\$ 1,000,000</u>	<u>\$ 16,892</u>	<u>\$ 1,016,892</u>

Year Ending August 31,	Total Long-Term Obligations		
	Principal	Interest	Total
2023	\$ 4,613,398	\$ 598,007	\$ 5,211,405
2024	3,701,820	497,517	4,199,337
2025	3,776,141	418,759	4,194,900
2026	3,856,126	338,224	4,194,350
2027	3,941,444	256,287	4,197,731
2028 - 2032	11,575,836	517,314	12,093,150
2033 - 2034	3,870,692	94,883	3,965,575
Total	<u>\$ 35,335,457</u>	<u>\$ 2,720,991</u>	<u>\$ 38,056,448</u>

Interest rates on general obligation bonds range from 2.15% to 5.00%. The interest rate on the line of credit is 3.67%. Total interest expense for the year ended August 31, 2022 on all debt for governmental activities was \$553,812.

F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan 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

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

Benefits Provided

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

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan (Continued)

Contributions

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

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

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Current Fiscal Year Employer Contributions		\$ 529,503
Current Fiscal Year Member Contributions		\$ 1,226,842
Measurement Year NECE On-Behalf Contributions		\$ 916,484

Contributors to the Plan include members, employers, and the State of Texas as the only non-employer contributing entity. The State contributes to the Plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, 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 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.

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan (Continued)

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member’s salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after-retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95%. 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)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan (Continued)

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

Asset Class*	Target Allocation Percentage**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
U.S.A.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value:			
Government Bonds	16.00%	(0.20%)	0.01%
Absolute Return	-	1.10%	-
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return:			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	6.00%	4.70%	0.35%
Commodities	-	1.70%	-
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage:			
Cash	2.00%	(0.70%)	(0.01%)
Asset Allocation Leverage	(6.00%)	(0.50%)	0.03%
Inflation Expectation			2.20%
Volatility Drag****	-		(0.95%)
	<u>100.00%</u>		<u>6.90%</u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2021 policy model.

*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/21).

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan (Continued)

Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using the discount rate of 7.25% and what the net pension liability would be if it were calculated using a discount rate that was 1% less (6.25%) or 1% greater (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Proportionate Share of the Net Pension Liability	\$ 5,813,250	\$ 2,660,333	\$ 102,360

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

At August 31, 2022, the District reported a liability of \$2,660,333 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate Share of the Collective Net Pension Liability	\$ 2,660,333
State's Proportionate Share that is Associated with the District	5,469,182
Total	\$ 8,129,515

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the Plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the employer's proportionate share of the collective net pension liability was 0.0104464183%, a decrease of 0.0004711536% from its proportionate share measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$331,343 and revenue of \$21,865 for support provided by the State.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

G. Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experiences	\$ 4,452	\$ 187,290
Changes in Actuarial Assumptions	940,376	409,923
Difference Between Projected and Actual Investment Earnings	-	2,230,654
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	292,652	416,689
Contributions Paid to TRS Subsequent to the Measurement Date	529,503	-
Total as of August 31, 2022	\$ 1,766,983	\$ 3,244,556

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 August 31:	Pension Expense Amount
2023	\$ (368,438)
2024	(405,276)
2025	(533,395)
2026	(648,769)
2027	(35,328)
Thereafter	(15,870)

For the year ended August 31, 2022, the changes to the TRS net pension liability were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 5,847,229	\$ -	\$ 3,186,896	\$ 2,660,333

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

The Teacher Retirement System of Texas (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.

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

H. Defined Other Post-Employment Benefit Plan (Continued)

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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 Children	468	408
Retiree and Family	1,020	999

Contributions

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

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

H. Defined Other Post-Employment Benefit Plan (Continued)

	Contribution Rates	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current Fiscal Year Employer Contributions		\$ 147,060
Current Fiscal Year Member Contributions		\$ 99,680
Measurement Year NECE On-Behalf Contributions		\$ 181,529

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 TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021: rates of mortality, rates of retirement, rates of termination, rates of disability, general inflation, and wage inflation.

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Salary Increases	3.05% - 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2022

H. Defined Other Post-Employment Benefit Plan (Continued)

Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District’s Proportionate Share of the Net OPEB Liability	\$ 8,069,871	\$ 6,690,157	\$ 5,604,277

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

At August 31, 2022, the District reported a liability of \$6,690,157 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	\$ 6,690,157
State's Proportionate Share that is Associated with the District	8,963,319
Total	\$ 15,653,476

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportionate share of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021, the employer’s proportionate share of the collective Net OPEB Liability was 0.173434841%, a decrease of 0.0003217340% from its proportionate share measured as of August 31, 2020.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

H. Defined Other Post-Employment Benefit Plan (Continued)

Healthcare Cost Trend Rates Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate is 1% less than and 1% greater than the health trend rates assumed.

	1% Decrease (7.5%)	Current Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
Proportionate Share of the Net OPEB Liability	\$ 5,418,805	\$ 6,690,157	\$ 8,395,995

Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended August 31, 2022, the District recognized OPEB Expense of (\$686,528) and revenue of (\$330,815) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Actuarial Experiences	\$ 288,043	\$ 3,238,504
Changes in Actuarial Assumptions	741,013	1,414,844
Difference Between Projected and Actual Investment Earnings	7,263	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	14	774,614
Contributions Paid to TRS Subsequent to the Measurement Date	147,060	-
Total as of August 31, 2022	\$ 1,183,393	\$ 5,427,962

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

H. Defined Other Post-Employment Benefit Plan (Concluded)

The net amounts of the employer’s balances of deferred outflows and inflows of resources (not including the deferred contributions paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2023	\$ (838,947)
2024	(839,111)
2025	(839,070)
2026	(662,967)
2027	(424,553)
Thereafter	(786,981)

For the year ended August 31, 2022, the changes to the TRS net OPEB liability were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 6,715,347	\$ 110,302	\$ 135,492	\$ 6,690,157

I. Health Care Coverage – Retirees and Active Employees

Retiree Health Care Coverage

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care provides health care coverage for certain persons (and their dependents) who have retired under the Teacher Retirement System of Texas.

The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. The report may be obtained by visiting the TRS website at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The contribution rate for the active employees was 0.65% for the years ended August 31, 2022, 2021, and 2020. The contribution rate for the State was 1.25% for the years ended August 31, 2022, 2021, and 2020. The contribution rate for the District was 0.75% for the years ended August 31, 2022, 2021, and 2020. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

I. Health Care Coverage – Retirees and Active Employees (Concluded)

Contributions

Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf of the District’s employees as well as the Member’s and District’s required contributions for the years ended August 31, 2022, 2021, and 2020 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2022	0.65%	\$ 99,771	1.25%	\$ 160,909	0.75%	\$ 115,120
2021	0.65%	98,247	1.25%	169,865	0.75%	113,363
2020	0.65%	96,782	1.25%	154,880	0.75%	111,672

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$63,699, \$68,284, and \$63,620, respectively.

Active Employee Health Care Coverage

Plan Description

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium based plan. Payments are made on a monthly basis for all covered employees.

J. Commitments and Contingencies

Contingencies

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

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

K. Shared Services Arrangements

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides speech therapy, diagnostic and other services for locally funded special education to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Financial Accountability System Resource Guide (“the Guide”), the District has accounted for the fiscal agent’s activities of the SSA in a special revenue fund using Model 3 in the SSA section of the Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Ezzell	\$ 21,836
Hallettsville	690,757
Moulton	234,443
Nordheim	35,878
Shiner	526,142
Sweet Home	35,878
Vysehrad	71,463
Yoakum	1,502,784
Yorktown	326,451
Total	<u>\$ 3,445,632</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”) which provides speech therapy, diagnostic and other services using federal funds to the member districts listed below. A majority of the services are provided by the fiscal agent. All funds are passed through the state directly to the fiscal agent. According to guidance provided in the Guide, the District has accounted for the fiscal agent activities of the SSA in a special revenue fund using Model 2 in the SSA section of the Guide. Expenditures of the SSA are summarized below.

<u>Member Districts</u>	<u>IDEA B Grant Program</u>	
	<u>Formula</u>	<u>Preschool</u>
Ezzell	\$ 14,193	\$ 465
Hallettsville	221,242	3,344
Moulton	60,449	3,512
Nordheim	31,052	1,338
Shiner	133,563	1,957
Sweet Home	26,124	927
Vysehrad	21,516	526
Yoakum	328,245	9,481
Yorktown	117,104	4,882
Total	<u>\$ 953,488</u>	<u>\$ 26,432</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

K. Shared Services Arrangements (Concluded)

The District also participates in another SSA in which it serves as the fiscal agent. The SSA provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the Guide, the District has accounted for the activities of the SSA in a special revenue fund using Model 3 in the SSA section of the Guide. Expenditures of the SSA are summarized below:

Member Districts	Amount
Shiner I.S.D.	\$ 6,471
Hallettsville I.S.D.	6,723
Yoakum I.S.D.	25,145
Total	\$ 38,339

L. Local and Intermediate Revenue

During the year ended August 31, 2022, local and intermediate revenues consisted of the following:

Revenue Description	Fund	Amount
Property Taxes Including Penalties and Interest	General Fund	\$ 7,138,772
Interest Income from Temporary Investments	General Fund	10,575
Athletic Activities	General Fund	42,789
Rents and Royalties	General Fund	269,113
Gifts and Bequests	General Fund	29,273
Tuition and Fees	General Fund	178,366
Section 313	General Fund	148,209
Other Miscellaneous Revenues	General Fund	102,443
Total General Fund		7,919,540
Revenues from Member Districts	Special Revenue Fund	3,250,001
Property Taxes Including Penalties and Interest	Debt Service Fund	4,713,262
Revenues from Meals Served	Special Revenue Fund	93,471
Revenues from Enterprising Activities	Special Revenue Fund	104,072
Revenues from Member Districts	Special Revenue Fund	1,361
Other Miscellaneous Revenues	Special Revenue Fund	1,196
Total Other Funds		200,100
Total Governmental Funds		16,082,903
Revenues from Enterprising Activities	Custodial Fund	109,943
Interest Income from Temporary Investments	Private Purpose Trust	62
Rent	Private Purpose Trust	3,250
Total Fiduciary Funds		113,255
Total Local and Intermediate Sources		\$ 16,196,158

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

M. Significant Taxpayers

The District's largest taxpayers accounted for approximately 13% of the total 2021 tax levy. No delinquent amounts from these taxpayers existed at August 31, 2022. No other individual taxpayer accounted for more than 7% of the total 2021 tax levy.

N. Tax Abatement

In accordance with Government Accounting Standards Board Statement No. 77 (GASB 77), which is effective for the year ended August 31, 2022, the District is providing the following disclosures.

During the year ended August 31, 2012, the District entered into a property tax abatement agreement (Agreement) with Enterprise Hydrocarbons, L.P. (EHLP) under the authority of Texas Tax Code Chapter 313, the Texas Economic Development Act. The term of the Agreement is from December 11, 2012 through December 31, 2022. The tax years in which the limitation applies are 2015 through 2022. Under the Act, business entities qualify for a tax abatement agreement provided they meet certain property usage and economic impact requirements. The taxes being abated consist of maintenance and operations taxes only. EHLP qualifies for a tax abatement because it is owned by an entity subject to Texas Tax Code 171 (313.024(a)); the property is used for manufacturing (313.024(b)(1)); and the Agreement required EHLP to create the number of required new qualifying jobs and pay the average weekly wages required by section 313.024(d). The mechanism by which EHLP's taxes are abated is through a reduction in assessed value.

The conditions under which the abated taxes may become eligible for recapture are set out in Texas Tax Code sections 313.0275, 313.0276 and 313.032. These include: failure to make the minimum qualifying investment of \$10,000,000 during the qualifying time period; failure to satisfy the job creation requirement in any year of the Agreement; failure to pay the minimum wages required; and failure to make certain payments to the District set out in Articles III and IV of the Agreement. In addition, EHLP is required to file certain annual and biennial reports to the District and the Comptroller of the State of Texas (Comptroller) as described in Texas Tax Code section 313.032. Provisions for recapture of abated taxes by the District or the Comptroller are set out in Tax Code sections 313.0275 and 313.0276 and Sections 7.5 and 7.6 of the Agreement. If EHLP materially fails to comply with the conditions for eligibility, the District is entitled to recapture all ad valorem tax revenue lost as well as the payment of penalty and interest calculated in accordance with the methodology set out in Texas Tax Code Chapter 33.

As part of the Agreement, EHLP has made the following commitments to the District:

- Protection against loss of future District revenues – this payment is required by Texas Tax Code section 313.027(f)(1) and described in Article III of the Agreement. The loss, if any, is calculated annually by a consultant engaged by the District and submitted to the recipient for payment not later than January 31 of the following tax year.
- Supplemental payments – these payments are authorized by Texas Tax Code section 313.027(i) and described in Article IV of the Agreement. The amount is the greater of (i) \$100 per student per year in average daily attendance or (ii) \$50,000 per year.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

N. Tax Abatement

The gross dollar amount the District's revenues were reduced in tax year 2021 as a result of the Agreement was \$4,011,720. No amounts were received or are receivable from other governments in association with the forgone tax revenue. However, revenue received from the State is modified as set out in Government Code Chapter 402, Subchapter M. The District made no commitments other than to reduce taxes as part of the Agreement. The District has no other tax abatement agreements required to be disclosed. The District has not omitted any specific information required by GASB 77 that it is legally prohibited from being disclosed. The District is the only government entity in the Agreement with EHLPL.

O. Going Concern Uncertainty

Prior to the year ended August 31, 2021, the District experienced a decline of \$9,123,365 in its fund balance over a six-year period resulting in a deficit fund balance of \$1,895,264 as of August 31, 2021. The District's operations for the year-ended August 31, 2021 resulted in an increase of \$2,417,253 to arrive at an ending fund balance of \$521,989 as of August 31, 2021. As reported in the accompanying statement of revenues, expenditures, and changes in fund balance – governmental funds, the District incurred a net increase of \$389,845 resulting in a fund balance of \$911,834 as of August 31, 2022. This amount approximates two-thirds of one month of operating expenditures. Consequently, there remains an uncertainty about the District's ability to continue as a going concern. As a result, the District's management is taking the following action in an attempt to alleviate this uncertainty:

- The District continues to make significant changes to its food service operations to reduce the annual deficit, which is funded by the general fund.
- The District has reduced its budgeted expenditures for costs related to athletics for the fiscal year ending August 31, 2022.
- A private foundation has committed approximately \$1,100,000 in donations to assist the District with operating costs.
- The District has been awarded federal grants under the Elementary and Secondary School Emergency Relief (ESSER) Program, which can be utilized for certain expenditures that may otherwise be charged to the general fund.

P. New GASB Pronouncements

For the year ended August 31, 2022, the District adopted GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The District had no material leases or subscription-based information technology arrangements, either individually or in the aggregate, requiring any revisions to, or additional disclosures in, the accompanying basic financial statements.

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

Q. Negative Operating Grants and Contributions – Statement of Activities

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

During the year under audit, the NECE expense was negative due to significant changes in benefits within the TRS plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenues for some of the operating grants and contributions amounts reported on the accompanying statement of activities. According to guidance provided directly from GASB, this is the proper reporting for these negative revenues and expenses.

Following are the effects on the operating grants and contributions on the accompanying statement of activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On-Behalf Accruals)
<u>Governmental Activities:</u>			
11 - Instruction	\$ 2,615,770	\$ (904,055)	\$ 3,519,825
12 - Instructional Resources and Media Services	1,811	(13,634)	15,445
13 - Curriculum and Instructional Staff Development	69,793	-	69,793
21 - Instructional Leadership	99,075	(20,523)	119,598
23 - School Leadership	(12,394)	(73,484)	61,090
31 - Guidance, Counseling, and Evaluation Services	1,189,165	(41,357)	1,230,522
33 - Health Services	(12,587)	(36,412)	23,825
34 - Student (Pupil) Transportation	94,358	(29,721)	124,079
35 - Food Services	1,421,237	(53,786)	1,475,023
36 - Extracurricular Activities	(9,039)	(54,991)	45,952
41 - General Administration	(28,799)	(82,700)	53,901
51 - Facilities Maintenance and Operations	79,941	(75,768)	155,709
52 - Security and Monitoring Services	82,363	-	82,363
61 - Community Services	56,349	-	56,349
72 - Debt Service – Interest on Long-Term Debt	32,707	-	32,707
Total Governmental Activities	\$ 5,679,750	\$(1,386,431)	\$ 7,066,181

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 8,352,420	\$ 8,352,420	\$ 7,919,540	\$ (432,880)
5800 State Program Revenues	9,057,533	9,107,261	9,660,771	553,510
5900 Federal Program Revenues	200	200	916	716
5020 Total Revenues	17,410,153	17,459,881	17,581,227	121,346
EXPENDITURES:				
Current:				
0011 Instruction	9,132,959	8,820,559	8,578,134	242,425
0012 Instructional Resources and Media Services	206,120	206,120	201,091	5,029
0013 Curriculum and Instructional Staff Development	14,835	14,135	5,167	8,968
0021 Instructional Leadership	134,650	135,150	134,608	542
0023 School Leadership	973,643	973,843	951,302	22,541
0031 Guidance, Counseling, and Evaluation Services	40,125	40,100	23,951	16,149
0033 Health Services	178,260	178,260	166,694	11,566
0034 Student (Pupil) Transportation	641,815	765,215	548,310	216,905
0036 Extracurricular Activities	1,228,183	1,341,781	1,291,368	50,413
0041 General Administration	1,294,700	1,284,700	1,262,471	22,229
0051 Facilities Maintenance and Operations	2,218,750	2,258,950	2,210,132	48,818
0052 Security and Monitoring Services	21,600	54,190	52,308	1,882
0053 Data Processing Services	84,000	10,710	784	9,926
0061 Community Services	5,000	6,000	6,000	-
Debt Service:				
0071 Principal on Long-Term Liabilities	150,000	150,000	150,000	-
0072 Interest on Long-Term Liabilities	65,000	45,000	40,722	4,278
Capital Outlay:				
0081 Facilities Acquisition and Construction	109,200	151,200	150,880	320
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	1,240,000	1,417,500	1,417,460	40
6030 Total Expenditures	17,738,840	17,853,413	17,191,382	662,031
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(328,687)	(393,532)	389,845	783,377
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	327,412	-	(327,412)
8911 Transfers Out (Use)	(644,396)	(665,759)	-	665,759
7080 Total Other Financing Sources (Uses)	(644,396)	(338,347)	-	338,347
1200 Net Change in Fund Balances	(973,083)	(731,879)	389,845	1,121,724
0100 Fund Balance - September 1 (Beginning)	521,989	521,989	521,989	-
3000 Fund Balance - August 31 (Ending)	\$ (451,094)	\$ (209,890)	\$ 911,834	\$ 1,121,724

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.010446418%	0.010917572%	0.010071082%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,660,333	\$ 5,847,229	\$ 5,235,263
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	5,469,182	11,397,256	10,267,015
Total	<u>\$ 8,129,515</u>	<u>\$ 17,244,485</u>	<u>\$ 15,502,278</u>
District's Covered Payroll	\$ 15,127,485	\$ 14,880,838	\$ 13,773,758
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	17.59%	39.29%	38.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.01019195%	0.010904748%	0.0120833%	0.0118777%	0.0052947%
\$ 5,609,896	\$ 3,486,751	\$ 4,566,087	\$ 4,198,609	1,414,288
11,450,858	6,849,438	7,977,668	7,475,974	5,339,677
<u>\$ 17,060,754</u>	<u>\$ 10,336,189</u>	<u>\$ 12,543,755</u>	<u>\$ 11,674,583</u>	<u>\$ 6,753,965</u>
\$ 13,624,686	\$ 13,580,906	\$ 13,466,444	\$ 12,506,370	9,334,551
41.17%	25.67%	33.91%	33.57%	15.15%
73.74%	82.17%	78.00%	78.43%	83.25%

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021	2020
Contractually Required Contribution	\$ 529,503	\$ 447,522	\$ 447,983
Contribution in Relation to the Contractually Required Contribution	(529,503)	(447,522)	(447,983)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 15,337,041	\$ 15,127,485	\$ 14,880,838
Contributions as a Percentage of Covered Payroll	3.45%	2.96%	3.01%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2019	2018	2017	2016	2015
\$	357,182	\$ 340,830	\$ 347,233	\$ 383,916	\$ 351,702
	(357,182)	(340,830)	(347,233)	(383,916)	(351,702)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	13,773,758	\$ 13,624,686	\$ 13,580,906	\$ 13,466,444	\$ 12,506,370
	2.59%	2.50%	2.56%	2.85%	2.81%

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.017343484%	0.017665218%	0.017811028%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 6,690,157	\$ 6,715,347	\$ 8,423,054
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	8,963,319	9,023,817	11,192,354
Total	<u>\$ 15,653,476</u>	<u>\$ 15,739,164</u>	<u>\$ 19,615,408</u>
District's Covered Payroll	\$ 15,127,485	\$ 14,880,838	\$ 13,773,758
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	44.23%	45.13%	61.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.018022574%	0.019298285%
\$ 8,998,836	\$ 8,392,100
11,094,170	10,054,885
<u>\$ 20,093,006</u>	<u>\$ 18,446,985</u>
\$ 13,624,686	\$ 13,580,906
66.05%	61.79%
1.57%	0.91%

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	2022	2021	2020
Contractually Required Contribution	\$ 147,060	\$ 137,220	\$ 135,855
Contribution in Relation to the Contractually Required Contribution	(147,060)	(137,220)	(135,855)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 15,337,311	\$ 15,127,485	\$ 14,880,838
Contributions as a Percentage of Covered Payroll	0.96%	0.91%	0.91%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

<hr/>	
2019	2018
<hr/>	<hr/>
\$ 136,601	\$ 132,428
(136,601)	(132,428)
<hr/>	<hr/>
\$ -	\$ -
<hr/> <hr/>	<hr/> <hr/>
\$ 13,773,758	\$ 13,624,686
0.99%	0.97%

YOAKUM INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

Budgetary Data

The official budget was prepared for adoption for the General Fund, Debt Service Fund, and the Food Service Fund, which is included within the Special Revenue Funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. 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.
- c. Prior to September 1, the budget is legally enacted through passage of a resolution of the Board.

Once a budget is approved, it can be amended at the function and fund level only 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 during the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. During the year, the budget was amended as necessary, within all material respects.

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.

TRS Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

TRS OPEB Plan

Changes of Benefit Terms

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

Changes of Assumptions

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

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	(1) (2)		(3) Assessed/Appraised Value for School Tax Purposes
	Tax Rates		
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.040000	0.110000	1,140,716,030
2015	1.040000	0.314760	1,170,055,206
2016	1.040000	0.389870	950,192,475
2017	1.040000	0.449000	715,278,026
2018	1.040000	0.460010	705,811,610
2019	1.040000	0.440000	771,498,635
2020	0.970000	0.440000	854,794,961
2021	0.966400	0.470000	845,420,180
2022 (School year under audit)	0.963400	0.470000	827,034,575
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 150,204	\$ -	\$ 2,373	\$ 179	\$ (12,129)	\$ 135,523
8,403	-	279	31	(409)	7,684
44,808	-	2,354	713	(481)	41,260
64,640	-	5,648	2,117	(611)	56,264
54,571	-	2,499	1,079	(199)	50,794
40,144	-	8,200	3,627	(238)	28,079
81,417	-	19,011	8,506	(1,797)	52,103
130,922	-	34,649	16,436	(50)	79,787
291,845	-	76,858	39,412	(3,408)	172,167
-	11,854,714	6,755,601	4,725,328	(28,453)	345,332
<u>\$ 866,954</u>	<u>\$ 11,854,714</u>	<u>\$ 6,907,472</u>	<u>\$ 4,797,428</u>	<u>\$ (47,775)</u>	<u>\$ 968,993</u>

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 63,000	\$ 63,000	\$ 93,471	\$ 30,471
5800 State Program Revenues	53,975	53,975	66,930	12,955
5900 Federal Program Revenues	1,013,361	1,167,474	1,413,715	246,241
5020 Total Revenues	1,130,336	1,284,449	1,574,116	289,667
EXPENDITURES:				
Current:				
0035 Food Services	1,414,320	1,568,433	1,484,391	84,042
0051 Facilities Maintenance and Operations	33,000	33,000	32,712	288
6030 Total Expenditures	1,447,320	1,601,433	1,517,103	84,330
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,984)	(316,984)	57,013	373,997
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	316,984	316,984	-	(316,984)
1200 Net Change in Fund Balances	-	-	57,013	57,013
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 57,013	\$ 57,013

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,980,065	\$ 4,980,065	\$ 4,713,262	\$ (266,803)
5800 State Program Revenues	64,407	64,407	32,707	(31,700)
5020 Total Revenues	5,044,472	5,044,472	4,745,969	(298,503)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	3,010,000	3,535,000	3,535,000	-
0072 Interest on Long-Term Liabilities	1,511,888	986,888	982,015	4,873
0073 Bond Issuance Cost and Fees	1,500	117,500	116,405	1,095
6030 Total Expenditures	4,523,388	4,639,388	4,633,420	5,968
1100 Excess of Revenues Over Expenditures	521,084	405,084	112,549	(292,535)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	19,395,000	19,395,000	-
7916 Premium or Discount on Issuance of Bonds	-	2,720,000	2,719,467	(533)
8949 Other (Uses)	-	(2,199,000)	(21,998,612)	(19,799,612)
7080 Total Other Financing Sources (Uses)	-	19,916,000	115,855	(19,800,145)
1200 Net Change in Fund Balances	521,084	20,321,084	228,404	(20,092,680)
0100 Fund Balance - September 1 (Beginning)	752,158	752,158	752,158	-
3000 Fund Balance - August 31 (Ending)	\$ 1,273,242	\$ 21,073,242	\$ 980,562	\$ (20,092,680)

YOAKUM INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$1,682,065
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$2,252,543
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$154,246
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$189,391
<hr/>		



Roloff, Hnatek & Co., L.L.P.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Trustees
Yoakum Independent School District
P. O. Box 737
Yoakum, Texas 77995

Members of the Board of Trustees:

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 Yoakum Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Yoakum Independent School District's basic financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 Yoakum Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully submitted,



Roloff, Hnatek & Co., L.L.P.
November 10, 2022



Roloff, Hnatek & Co., L.L.P.

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Yoakum Independent School District
P. O. Box 737
Yoakum, Texas 77995

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yoakum Independent School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yoakum Independent School District's major federal programs for the year ended August 31, 2022. Yoakum Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yoakum Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Yoakum Independent School 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 Yoakum Independent School 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 Yoakum Independent School District's federal programs.

Auditors' 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 Yoakum Independent School 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 generally accepted auditing standards, *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 Yoakum Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Yoakum Independent School 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 Yoakum Independent School 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 Yoakum Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Roloff, Hnatek & Co., L.L.P." in a cursive script.

Roloff, Hnatek & Co., L.L.P.
November 10, 2022

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Auditors' Results

- * The auditors' report expresses an unmodified opinion on whether the financial statements of Yoakum Independent School District were prepared in accordance with U.S. general accepted accounting principles.
- * No significant deficiencies in internal control were disclosed by the audit.
- * No material instances of noncompliance were disclosed by the audit.
- * No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
- * The auditors' report on compliance for the major federal award programs for Yoakum Independent School District expresses an unmodified opinion on all major federal programs.
- * No findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- * Major Programs tested: Special Education Program Cluster, FAL Nos. 84.027 and 84.173 and COVID-19 – CARES Stimulus Act Grant - ESSER III, FAL No. 84.425U.
- * The threshold used to distinguish between Type A and Type B programs was \$750,000.
- * Yoakum Independent School District was not determined to be a low-risk auditee.

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

NONE

C. Findings and Questioned Costs for Federal Awards

NONE

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

There were no findings and/or questioned costs noted during the prior year audit.

YOAKUM INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2022

No corrective action plan is required as there were no findings and/or questions costs noted.

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education:</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101062903	\$ 785
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101062903	495,879
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101062903	<u>48,757</u>
Total Assistance Listing Number 84.010A			<u>545,421</u>
*SSA - IDEA - Part B, Formula	84.027A	226600010629036000	938,111
*SSA - IDEA - Part B, Formula	84.027A	236600010629036000	15,377
*IDEA - Part B - Formula, ARP	84.027A	225350010629035000	<u>192,203</u>
Total Assistance Listing Number 84.027A			<u>1,145,691</u>
*IDEA - Part B, Discretionary, Residential	84.027	66002212	<u>7,806</u>
*SSA - IDEA - Part B, Preschool	84.173A	226610010629036000	24,280
*SSA - IDEA - Part B, Preschool	84.173A	236610010629036000	2,152
*IDEA - Part B - Preschool, ARP	84.173A	225360010629035000	<u>11,220</u>
Total Assistance Listing Number 84.173A			<u>37,652</u>
Total Special Education Cluster (IDEA)			<u>1,191,149</u>
SSA - Career and Technical - Basic Grant	84.048A	22420006062903	<u>38,339</u>
ESEA, Title VI, Part B - Rural & Low Income Program	84.358B	22696001062903	<u>35,055</u>
ESEA, Title III, Part A - English Language Acquisition	84.365A	22671001062903	24,289
ESEA, Title III, Part A - English Language Acquisition	84.365A	23671001062903	<u>1,976</u>
Total Assistance Listing Number 84.365A			<u>26,265</u>
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501062903	<u>64,041</u>
COVID-19 - CARES Act Stimulus Grant - ESSER	84.425D	20521001062903	8,469
COVID-19 - CARES Act Stimulus Grant - ESSER II	84.425D	21521001062903	28,773
COVID-19 - CARES Act Stimulus Grant - ESSER III	84.425U	21528001062903	<u>1,346,345</u>
Total Assistance Listing Number 84.425			<u>1,383,587</u>
ESEA, Title IV, Part A, Subpart 1 - SSAE	84.424A	22680101062903	<u>35,869</u>
COVID-19 - CARES Act Stimulus Grant - School Health Support	93.323	39352201	<u>57,662</u>
Total Passed Through State Department of Education			<u>3,377,388</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>3,377,388</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

YOAKUM INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through State Department of Agriculture:</u>			
*COVID-19 - CARES Act - School Pgms Emerg. Op. Costs Pgm.	10.555	17460014875	\$ 14,413
*COVID-19 - CARES Act - Supply Chain Grant Reallocation	10.555	6TX300400	<u>45,763</u>
Total Passed Through State Department of Agriculture			<u>60,176</u>
<u>Passed Through State Department of Education:</u>			
*School Breakfast Program	10.553	71402101	<u>384,166</u>
*National School Lunch Program - Cash Assistance	10.555	71302101	850,412
*National School Lunch Program - Non-Cash Assistance	10.555	062-903	<u>118,961</u>
Total Assistance Listing Number 10.555			<u>969,373</u>
Total Passed Through State Department of Education			<u>1,353,539</u>
Total Child Nutrition Cluster			<u>1,413,715</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,413,715</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,791,103</u>

*Clustered Programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards

YOAKUM INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2022

- Because the schedule of expenditures of federal awards presents only a selected portion of the activities of the District, it is not intended to, and does not, present the financial position, or changes in net position, of the District.
- For all federal awards, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance is generally accounted for in the special revenue funds.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in special revenue funds, which are governmental fund types.

With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e., both measurable and available) and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered 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 deferred revenues until earned.

- The total non-cash federal awards expended during the year ended August 31, 2022, was \$118,961, all of which received under the National School Lunch Program, CFDA No. 10.555.
- The District did not elect to use the 10% de minimus cost rate as covered in section 200.414 of the Uniform Guidance.
- Reconciliation of Federal Revenues:

Total Expenditures of Federal Awards - Exhibit K-1	\$ 4,791,103
Plus: SHARS/Medicaid Reimbursements	<u>918,503</u>
Total Federal Program Revenues - Exhibit C-3	<u>\$ 5,709,606</u>