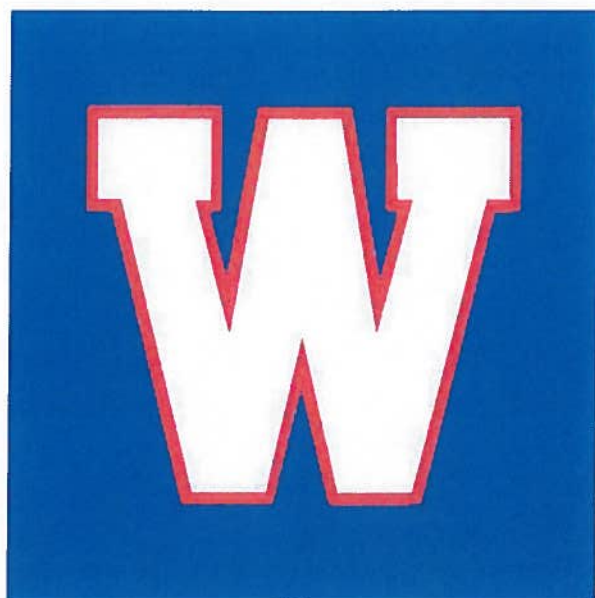


**WHARTON  
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Wharton Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2023

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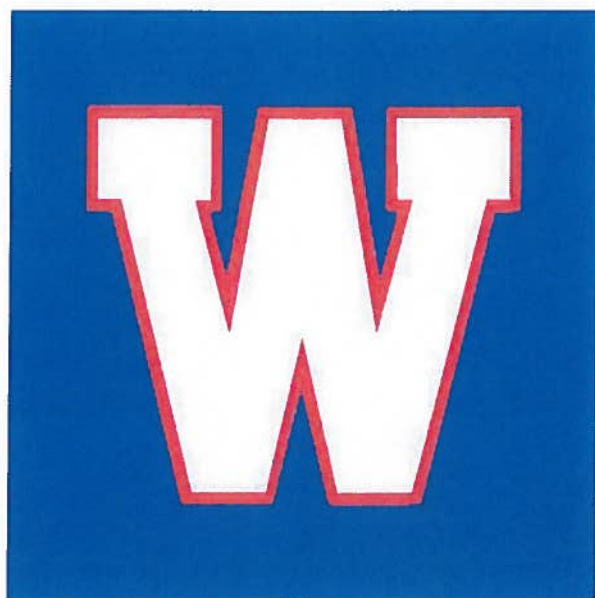
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## Introductory Section



CERTIFICATE OF BOARD

Wharton Independent School District  
Name of School District

Wharton  
County

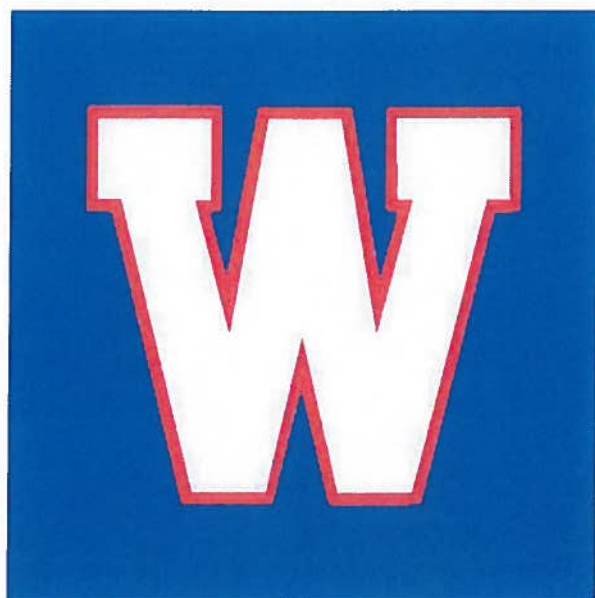
241904  
Co.-Dist. Number

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 June 30, 2023, at a meeting of the board of trustees of such school district on the 19<sup>th</sup> day of October, 2023.

P. P. [Signature]  
Signature of Board Secretary      Vice President

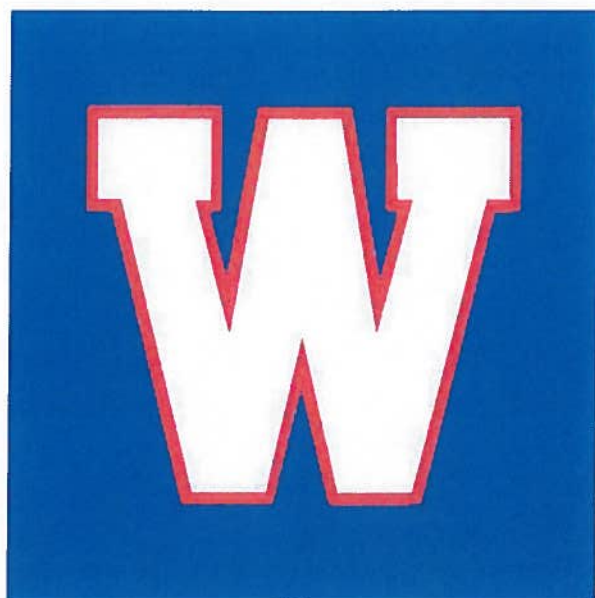
[Signature]  
Signature of Board President

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





## Financial Section



# Harry Afadapa & Associates, PC

Certified Public Accountants

12345 Jones Road, Suite 215

Houston, Texas 77070

(832) 960-7977~www.afadapa.com

## Independent Auditor's Report

To the Board of Trustees  
Wharton Independent School District  
2100 N. Fulton  
Wharton, Texas 77488

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wharton Independent School District ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Wharton Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *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 Wharton 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 Wharton 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions 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 Wharton Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information as identified in the table of contents comprises the information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## Other Reporting Required by Government Auditing Standards

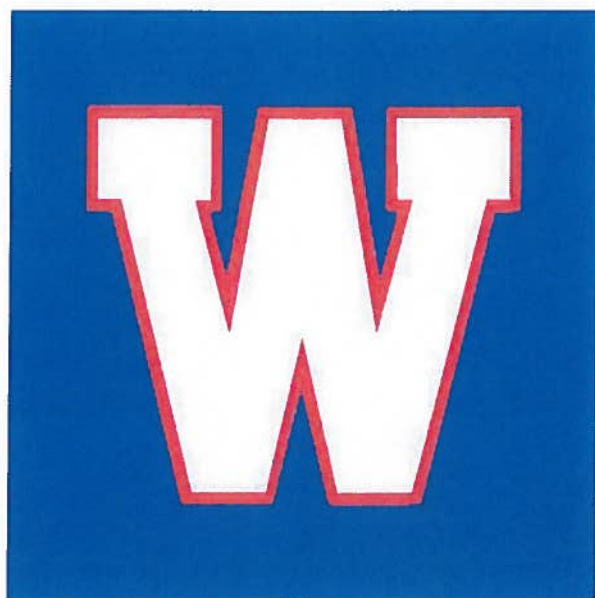
In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 on our consideration of Wharton Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Wharton 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 Wharton Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Harry Afadapa & Associates, PC*

Harry Afadapa & Associates, PC

Houston, Texas  
September 29, 2023



**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

This discussion and analysis of the Wharton Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2023. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Wharton Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Wharton Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wharton Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

**District-wide Financial Analysis**

The District's net position as of June 30, 2023 and June 30, 2022 are summarized as follows:

**WHARTON INDEPENDENT SCHOOL DISTRICT'S NET POSITION**

	Governmental Activities		
	6/30/2023	6/30/2022	Change
Current and other assets	\$ 43,348,632	\$ 53,315,477	\$ (9,966,845)
Capital assets	39,667,308	30,560,845	9,106,463
Deferred outflow of resources	7,388,787	4,376,105	3,012,682
Total assets	90,404,727	88,252,427	2,152,300
Other liabilities	5,197,918	3,897,093	1,300,825
Long-term liabilities outstanding	79,173,908	92,610,248	(13,436,340)
Deferred inflow of resources	7,957,482	8,999,198	(1,041,716)
Total liabilities	92,329,308	105,506,539	(13,177,231)
Net position:			
Net investment in capital assets	(407,211)	(24,867,088)	24,459,877
Restricted	1,705,765	280,617	1,425,148
Unrestricted	(3,223,135)	7,332,359	(10,555,494)
Total net position	\$ (1,924,581)	\$ (17,254,112)	\$ 15,329,531

Current and other assets decreased by over 9.9 million due to the capital projects being funded in 2023 which was approved through bond referendum of 2020. Capital asset increased by over \$9.1 million which represent the net difference in total asset additions net of \$10,868,471, the \$1,528,109 of depreciation expense for the fiscal year, and the net retirement of asset of \$233,899. Deferred outflow of resource increased by \$3,012,682 resulting from an aggregate increase in deferred outflow when compared to prior year. The aggregate increase of \$1,300,825 in Other liability consist of increase in accrued liabilities of \$1,747,195; reduction in accounts payable balance of \$609,028; increase of \$438,042 in Due to Other Governments, an increase \$45,000 in current portion of long term obligation and other miscellaneous differences. The aggregate decrease in long-term liabilities consist of the write down of debt obligation balance of \$12,356,837 and additional debt obligation payment of \$1,079,503 and other related debt obligation. As discussed above, deferred inflow of resources also decreased by \$1,041,716 which was based on current year determination of GASB 68 and GASB 75 Financial Reporting requirements. As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of Wharton Independent School District, liability exceeded assets by \$3,223,135 at the close of the most recent fiscal year, June 30, 2023.

The District's net position reflects a negative investment in capital assets when considered in relation to the debt obligation used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to



**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

liquidate these liabilities. An additional portion of the District's net position (\$1,705,765) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of negative \$3,223,135 cannot be used to meet the District's ongoing obligations to educate the school-age children of Wharton.

The District's changes in net position for the fiscal years end June 30, 2023 and June 30, 2022 are summarized as follows:

**WHARTON INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

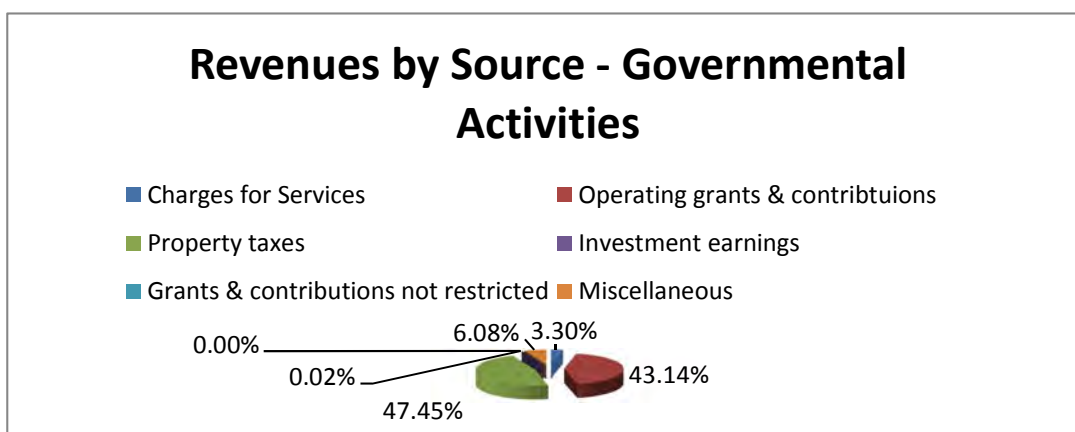
	Governmental Activities		
	6/30/2023	6/30/2022	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 1,283,991	\$ 380,668	\$ 903,323
Operating grants & contributions	16,805,838	9,412,674	7,393,164
General Revenues:			
Property taxes	18,484,195	16,862,550	1,621,645
Grant & Contributions not restricted	8,364	2,125,507	(2,117,143)
Miscellaneous	2,369,654	612,948	1,756,706
Total revenues	38,952,042	29,394,347	9,557,695
Expenses:			
Instruction	16,012,219	17,294,459	(1,282,240)
Instructional resources and media	(19,097)	692,287	(711,384)
Curriculum and staff development	82,323	335,176	(252,853)
Instructional leadership	1,100,566	799,645	300,921
School leadership	1,631,298	2,181,497	(550,199)
Guidance and counseling	789,975	1,577,085	(787,110)
Social works services	64,504	31,654	32,850
Health services	280,536	308,665	(28,129)
Student transportation	1,224,189	1,441,960	(217,771)
Food service	1,473,956	1,800,336	(326,380)
Extracurricular activities	926,781	1,213,912	(287,131)
General administration	1,818,666	2,596,069	(777,403)
Plant maintenance and operations	4,072,802	4,961,396	(888,594)
Security and monitoring services	444,999	356,210	88,789
Data processing services	1,003,456	694,996	308,460
Interest on long-term debt	2,275,165	983,749	1,291,416
Bond Issuance Costs and Fees	6,000	196,590	(190,590)
Capital Outlay	1,946,788	4,579,926	(2,633,138)
Contracted Inst Services between schools	-	3,395	(3,395)
Payments related to SSA	844,222	836,593	7,629
Other Intergovernmental Charges	-	7,902	(7,902)
Total expenses	35,979,348	42,893,502	(6,914,154)
Decrease in net position	2,972,694	(13,499,155)	16,471,849
Net position- beginning [See Note N]	(4,897,275)	(3,754,957)	(1,142,318)
Net position ending	\$ (1,924,581)	\$ (17,254,112)	\$ 15,329,531

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

The District's net position from current operations increased by \$15,329,531 when compared to the prior year net increase of \$13,499,155. Overall revenue increased by \$9,557,695 and expenditures decreased by \$6,914,154. Some of the key elements of these net differences between 2023 and 2022 are as follows:

- Except for Interest on long-term debt; Instructional leadership; Social works services; Security & monitoring; Data processing services; and Payment related to SSA; all other functional codes of the district experienced some decrease in operational costs due to the cost cutting measures implemented by the district
- While there was substantial increase in revenue in all categories when compared to prior year, the overall increase of \$9,557,695 appears consistent with expectation since the district is still getting funding for emergency health and security reasons. Increase appears reasonable.

The following chart shows the percentage of revenues by major source:



### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

**Governmental Funds.** The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$39,011,636, an decrease of \$10,258,138. \$8,128,557 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$30,417,234 is restricted by external parties, constitutional provisions or enabling legislation to pay debt and for state and federal grants. \$465,845 is Non-spendable fund balances.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance in the general fund was \$8,128,557. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures.

The fund balance of the general fund decreased by \$2,940,135 for the year ended June 30, 2023 compared to a decrease of \$868,377 in 2022. Revenue increased by \$2,756,180 and expenditures increased by \$4,818,492.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**General Fund Budgetary Highlights**

The Board of Trustees approved a net decrease in the expenditure budget for the fiscal year by \$1,621,552. Except for total Support Services, and Administrative support services, all categories had an increase when compared to prior year.

Overall, budget revenue exceeded actual by \$1,236,452. Except for State program revenue, all categories of the revenue classification increased. Expenditures was under budget by \$1,621,552.

**Debt Administration**

Debt administration events during the current fiscal year included:

- Write down of overstated debt obligation balance of \$12,356,837 contributed to the net change of \$14,531,838. The district also pay down additional principal amount of \$2,175,000
- Decrease in Bond Premium/Discount amount of \$109,071 was amortization amount.
- Increase in Net Pension Liability of \$4,256,099.
- Decrease in Net OPEB liability of \$3,006,529

	Governmental Activities		
	6/30/2023	6/30/2022	Change
General obligation bonds	\$ 68,165,000	\$ 82,696,838	\$ (14,531,838)
Bond Premium/Discount	1,714,948	1,824,019	(109,071)
Net Pension liability	7,444,206	3,188,107	4,256,099
Net OPEB liability	4,069,754	7,076,283	(3,006,529)
	<u>\$ 81,393,908</u>	<u>\$ 94,785,247</u>	<u>\$ (13,391,339)</u>

**Capital Assets**

	Governmental Activities		
	6/30/2023	6/30/2022	Change
Land	\$ 379,632	\$ 379,632	\$ -
Buildings & Improvements	52,297,101	52,156,363	140,738
Furniture and Equipment	1,572,284	1,505,138	67,146
Vehicles	4,223,835	3,291,909	931,926
CIP	9,664,570	876,340	8,788,230
Totals	68,137,422	58,209,382	9,928,040
Less accumulated depreciation	(28,470,113)	(27,648,537)	(821,576)
	<u>\$ 39,667,309</u>	<u>\$ 30,560,845</u>	<u>\$ 9,106,464</u>

Capital asset events during the year included:

- Capital expenditures District-wide for building and improvement was \$1,081,170

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

- Additional Furniture & Equipment were purchased in the amount of \$67,146 during the fiscal year.
- Additional vehicle purchases in the amount of \$931,926 was made during the year.
- Disposition of \$940,432 (net accumulated depreciation of \$706,533) from building & improvement.
- Assets were acquired in Construction in progress category with total of \$8,788,229

**Economic Factors and Next Year's Budgets and Rates**

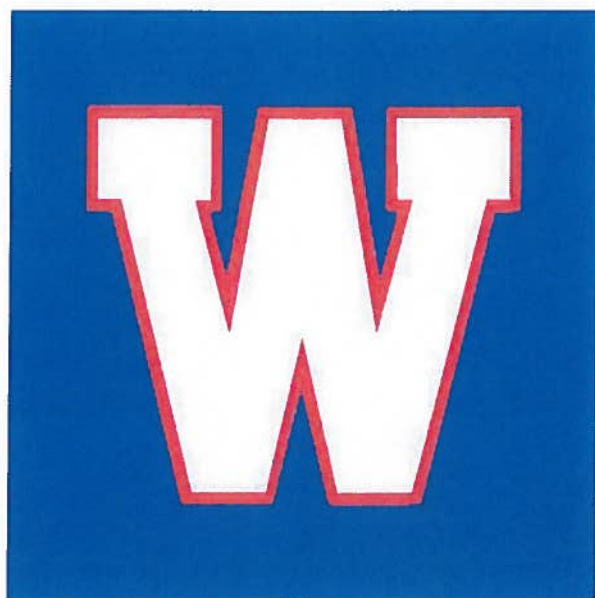
The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The District adopted a budget for 2023-2024 that was below the 2022-2023 actuals by \$5,561,734. Factors affecting the 2024 fiscal year budget were as follows:

- \$1,037,374 decrease in Instructional and Related cost for 2023-2024 fiscal year
- \$251,495 decrease in General administrative cost for 2023-2024 fiscal year
- \$677,616 decrease in Plant maintenance & Operation cost in 2023-2024 fiscal year
- \$71,762 decrease in Student transportation cost in 2023-2024 fiscal year
- And \$215,015 increase in School administration cost in 2023-2024 fiscal year

**Request for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Wharton Independent School District, Attention: Chief Financial Officer (CFO), 2100 N. Fulton, Wharton, Texas 77488 or call (979) 532-3612.

## Basic Financial Statements



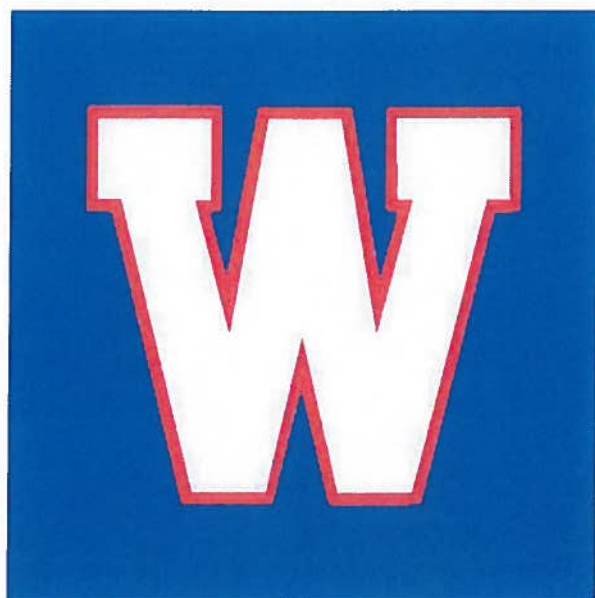
**WHARTON INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2023

Data Control Codes		1	Governmental Activities
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$	16,734,336
1120	Current Investments		23,807,345
1225	Property Taxes Receivable (Net)		1,417,435
1240	Due from Other Governments		1,331,351
1290	Other Receivables (Net)		10,897
1300	Inventories		34,231
1410	Unrealized Expenses		13,037
Capital Assets:			
1510	Land		379,632
1520	Buildings and Improvements, Net		27,175,293
1530	Furniture and Equipment, Net		2,447,813
1580	Construction in Progress		9,664,570
1000	Total Assets		83,015,940
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
	Deferred Outflow Related to Pensions		4,474,549
	Deferred Outflow Related to OPEB		2,914,238
1700	Total Deferred Outflows of Resources		7,388,787
<b>LIABILITIES:</b>			
2110	Accounts Payable		85,688
2140	Interest Payable		58,357
2165	Accrued Liabilities		1,750,590
2180	Due to Other Governments		441,437
2190	Due to Student Groups		16,599
2300	Unearned Revenue		625,247
Noncurrent Liabilities:			
2501	Due Within One Year		2,220,000
2502	Due in More Than One Year		67,659,948
2540	Net Pension Liability		7,444,206
2545	Net OPEB Liability		4,069,754
2000	Total Liabilities		84,371,826
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
	Deferred Inflow Related to Pensions		868,120
	Deferred Inflow Related to OPEB		7,089,362
2600	Total Deferred Inflows of Resources		7,957,482
<b>NET POSITION:</b>			
3200	Net Investment in Capital Assets		(407,211)
Restricted For:			
3850	Debt Service		1,666,329
3890	Other Purposes		39,436
3900	Unrestricted		(3,223,135)
3000	Total Net Position	\$	(1,924,581)

The accompanying notes are an integral part of this statement.





## WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 16,012,219	\$ 149,209	\$ 8,442,720	\$ (7,420,290)
12	Instructional Resources and Media Services	(19,097)	1,138	(115,586)	(95,351)
13	Curriculum and Staff Development	82,323	367	18,841	(63,115)
21	Instructional Leadership	1,100,566	12,189	525,576	(562,801)
23	School Leadership	1,631,298	20,450	631,780	(979,068)
31	Guidance, Counseling, and Evaluation Services	789,975	(661)	845,425	54,789
32	Social Work Services	64,504	881	17,796	(45,827)
33	Health Services	280,536	3,635	86,872	(190,029)
34	Student Transportation	1,224,189	16,412	1,197,848	(9,929)
35	Food Service	1,473,956	131,055	1,562,805	219,904
36	Cocurricular/Extracurricular Activities	926,781	73,987	233,132	(619,662)
41	General Administration	1,818,666	24,489	537,503	(1,256,674)
51	Facilities Maintenance and Operations	4,072,802	55,807	1,086,048	(2,930,947)
52	Security and Monitoring Services	444,999	4,516	200,718	(239,765)
53	Data Processing Services	1,003,456	9,913	454,505	(539,038)
72	Interest on Long-term Debt	2,275,165	31,418	153,230	(2,090,517)
73	Bond Issuance Costs and Fees	6,000	--	738	(5,262)
81	Capital Outlay	1,946,788	737,621	695,157	(514,010)
93	Payments Related to Shared Services Arrangements	844,222	11,565	230,730	(601,927)
TG	Total Governmental Activities	35,979,348	1,283,991	16,805,838	(17,889,519)
TP	Total Primary Government	\$ 35,979,348	\$ 1,283,991	\$ 16,805,838	(17,889,519)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				13,500,462
DT	Property Taxes, Levied for Debt Service				4,983,733
GC	Grants and Contributions Not Restricted to Specific Programs				8,364
MI	Miscellaneous				2,369,654
TR	Total General Revenues				20,862,213
CN	Change in Net Position				2,972,694
NB	Net Position, Restated - Beginning [See Note N]				(4,897,275)
NE	Net Position - Ending				\$ (1,924,581)

The accompanying notes are an integral part of this statement.

**WHARTON INDEPENDENT SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

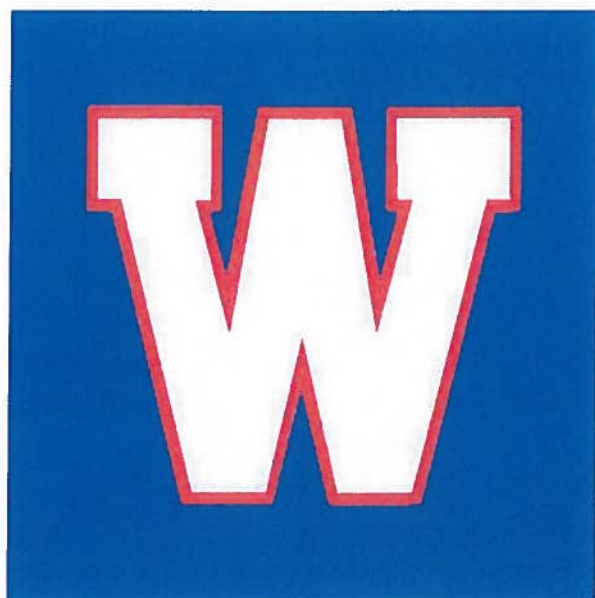
JUNE 30, 2023

Data Control Codes		10  General Fund	50  Debt Service Fund
	<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 3,278,640	\$ 2,296,726
1120	Current Investments	5,683,370	32,571
1225	Taxes Receivable, Net	965,701	451,734
1240	Due from Other Governments	283,478	--
1260	Due from Other Funds	929,037	750
1290	Other Receivables	--	10,897
1300	Inventories	--	--
1410	Unrealized Expenditures	13,036	--
1000	Total Assets	<u>11,153,262</u>	<u>2,792,678</u>
	<b>LIABILITIES:</b>		
	Current Liabilities:		
2110	Accounts Payable	\$ 43,119	\$ --
2120	Short-Term Debt Payable	23,335	--
2160	Accrued Wages Payable	1,475,735	--
2170	Due to Other Funds	--	--
2180	Due to Other Governments	441,437	--
2190	Due to Student Groups	17,879	--
2300	Unearned Revenue	965,701	718,003
2000	Total Liabilities	<u>2,967,206</u>	<u>718,003</u>
	<b>FUND BALANCES:</b>		
	Nonspendable Fund Balances:		
3415	Long-Term Loans/Notes Receivable	--	408,346
3430	Prepaid Items	13,036	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	--
3480	Retirement of Long-Term Debt	--	1,666,329
3490	Other Restrictions of Fund Balance	--	--
3600	Unassigned	8,173,020	--
3000	Total Fund Balances	<u>8,186,056</u>	<u>2,074,675</u>
4000	Total Liabilities and Fund Balances	<u>\$ 11,153,262</u>	<u>\$ 2,792,678</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 9,149,037	\$ 2,009,932	\$ 16,734,335
18,091,404	--	23,807,345
--	--	1,417,435
--	1,047,873	1,331,351
--	12,207	941,994
--	--	10,897
--	34,231	34,231
--	1	13,037
<u>27,240,441</u>	<u>3,104,244</u>	<u>44,290,625</u>
\$ --	\$ 42,569	\$ 85,688
--	--	23,335
--	251,520	1,727,255
--	941,994	941,994
--	--	441,437
--	(1,280)	16,599
--	358,977	2,042,681
<u>--</u>	<u>1,593,780</u>	<u>5,278,989</u>
--	--	408,346
--	--	13,036
--	847,488	847,488
--	--	1,666,329
27,240,441	662,976	27,903,417
--	--	8,173,020
<u>27,240,441</u>	<u>1,510,464</u>	<u>39,011,636</u>
\$ 27,240,441	\$ 3,104,244	\$ 44,290,625



**WHARTON INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023

Total fund balances - governmental funds balance sheet	\$ 39,011,636
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	39,667,308
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,417,435
Payables for bond principal which are not due in the current period are not reported in the funds.	(68,165,001)
Payables for debt interest which are not due in the current period are not reported in the funds.	(58,357)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(7,444,206)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(868,120)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	4,474,549
Bond premiums are amortized in the SNA but not in the funds.	(1,714,948)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(4,069,754)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(7,089,362)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,914,238
Rounding difference	1
Net position of governmental activities - Statement of Net Position	\$ <u>(1,924,581)</u>

The accompanying notes are an integral part of this statement.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Data Control Codes		10	50
		General Fund	Debt Service Fund
<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 15,389,539	\$ 4,794,696
5800	State Program Revenues	5,823,793	153,230
5900	Federal Program Revenues	1,008,267	--
5020	Total Revenues	<u>22,221,599</u>	<u>4,947,926</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	10,223,493	--
0012	Instructional Resources and Media Services	77,963	--
0013	Curriculum and Staff Development	24,725	--
0021	Instructional Leadership	835,451	--
0023	School Leadership	1,402,611	--
0031	Guidance, Counseling, and Evaluation Services	(46,121)	--
0032	Social Work Services	60,059	--
0033	Health Services	250,227	--
0034	Student Transportation	1,124,713	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	896,297	--
0041	General Administration	1,679,162	--
0051	Facilities Maintenance and Operations	3,823,648	--
0052	Security and Monitoring Services	309,941	--
0053	Data Processing Services	678,668	--
0071	Principal on Long-term Debt	--	2,175,000
0072	Interest on Long-term Debt	--	2,358,580
0073	Bond Issuance Costs and Fees	--	6,000
0081	Capital Outlay	3,027,958	--
0093	Payments to Shared Service Arrangements	792,939	--
6030	Total Expenditures	<u>25,161,734</u>	<u>4,539,580</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>(2,940,135)</u>	<u>408,346</u>
1200	Net Change in Fund Balances	<u>(2,940,135)</u>	<u>408,346</u>
0100	Fund Balances - Beginning [See Note O]	11,126,191	1,666,329
3000	Fund Balances - Ending	<u>\$ 8,186,056</u>	<u>\$ 2,074,675</u>

The accompanying notes are an integral part of this statement.

**EXHIBIT C-2**

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 718,453	\$ 1,675,602	\$ 22,578,290
--	396,400	6,373,423
--	8,128,694	9,136,961
<u>718,453</u>	<u>10,200,696</u>	<u>38,088,674</u>
--	5,507,596	15,731,089
--	(130,339)	(52,376)
--	42,404	67,129
--	243,026	1,078,477
--	210,706	1,613,317
--	823,601	777,480
--	--	60,059
--	13,189	263,416
--	959,774	2,084,487
--	1,512,682	1,512,682
--	3,529	899,826
--	98,450	1,777,612
--	122,093	3,945,741
--	108,857	418,798
--	290,418	969,086
--	--	2,175,000
--	--	2,358,580
--	--	6,000
8,788,229	--	11,816,187
--	51,283	844,222
<u>8,788,229</u>	<u>9,857,269</u>	<u>48,346,812</u>
(8,069,776)	343,427	(10,258,138)
(8,069,776)	343,427	(10,258,138)
35,310,217	1,167,037	49,269,774
<u>\$ 27,240,441</u>	<u>\$ 1,510,464</u>	<u>\$ 39,011,636</u>

**WHARTON INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds \$ (10,258,138)

Amounts reported for governmental activities in the Statement of Activities  
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	10,868,473
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,528,109)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	854,915
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,175,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	109,073
(Increase) decrease in accrued interest from beginning of period to end of period.	(25,658)
The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized.	<u>777,138</u>

Change in net position of governmental activities - Statement of Activities \$ 2,972,694

The accompanying notes are an integral part of this statement.



**WHARTON INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2023

Data Control Codes		Investment Trust Fund	Private Purpose Trust
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ --	\$ 42,723
1800	Restricted Assets	<u>40,000</u>	<u>18,902</u>
1000	Total Assets	<u>40,000</u>	<u>61,625</u>
<b>LIABILITIES:</b>			
2000	Total Liabilities	<u>--</u>	<u>--</u>
<b>NET POSITION:</b>			
3800	Held in Trust for Investments	\$ 40,000	\$ --
3800	Held in Trust	<u>--</u>	<u>61,625</u>
3000	Total Net Position	<u>\$ 40,000</u>	<u>\$ 61,625</u>

The accompanying notes are an integral part of this statement.

**WHARTON INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Investment Trust Funds	Private Purpose Trusts
<b>ADDITIONS:</b>		
Investment Income	\$ --	\$ 465
Contributions from Foundations, Gifts and Bequests	--	--
Student Group Fundraising Activities	--	--
Total Additions	--	465
<b>DEDUCTIONS:</b>		
Benefits	--	--
Refunds of Contributions	--	--
Administrative Expenses	--	--
Total Deductions	--	--
<b>Change in Fiduciary Net Position</b>	--	465
Net Position-Beginning of the Year	40,000	61,160
Net Position-End of the Year	<u>\$ 40,000</u>	<u>\$ 61,625</u>

The accompanying notes are an integral part of this statement.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### A. Summary of Significant Accounting Policies

The basic financial statements of Wharton 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.

#### 1. 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 and there are no component units included within the District's reporting entity.

#### 2. 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 nonmajor funds.

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. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Capital Project Fund: A governmental fund that must be used to account , on a project basis, for projects financed by proceeds from bond issuance, or for capital project otherwise mandated to be accounted for in funds are not legally required to be budgeted for on an annual basis.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or in custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

### 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. Nonexchange 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.

Governmental 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. 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.

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.

### 3. 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.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

b. Inventories and Prepaid Items

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

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office and Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. 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.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

f. 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.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. 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 ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

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

4. 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 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.

5. 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 OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

In the current fiscal year, the District did not implement any new standards from the Governmental Accounting Standards Board (GASB).

*GASB Statement No. 84, Fiduciary Activities*

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

For fiscal year ended June 30, 2023, Wharton Independent School District consider its leasing activity as immaterial.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of* GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

## 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.

### 1. Cash Deposits:

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$16,734,336 and the bank balance was \$17,785,951. The District's cash deposits at June 30, 2023 and during the year ended June 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: \$17,785,951
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$34,392,788
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$27,507,775 and occurred during the month of February 2023.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000



# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### 2. 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.

The District's investments at June 30, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	N/A	\$ 5,384,199
TexPool Investment	N/A	18,423,146
Total Investments		<u>\$ 23,807,345</u>

### 3. 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 recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

#### 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.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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.

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 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.

Public Funds Investment Pools

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

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

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org).

### C. Disaggregated Receivables

Receivables at June 30, 2023 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

	General Fund	Debt Service	Other Governmental	Totals
Taxes	\$ 1,565,875	\$ 484,522	\$ --	\$ 2,050,397
Less allowance	(600,174)	(32,788)	--	(632,962)
Net taxes receivable	\$ 965,701	\$ 451,734	\$ --	\$ 1,417,435
Due from other Governments:				
Texas Education Agency	\$ 283,478	\$ --	\$ 1,047,873	\$ 1,331,351
	\$ 283,478	\$ --	\$ 1,047,873	\$ 1,331,351

### D. Capital Assets

Capital asset activity for the year ended 2023, Wharton Independent School District, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 379,632	\$ --	\$ --	\$ 379,632
Construction in progress	876,340	8,788,229	--	9,664,569
Total capital assets not being depreciated	1,255,972	8,788,229	--	10,044,201
Capital assets being depreciated:				
Buildings and improvements	52,156,363	1,081,170	(940,432)	52,297,101
Furniture & Equipment	1,505,138	67,146	--	1,572,284
Vehicles	3,291,909	931,925	--	4,223,834
Total capital assets being depreciated	56,953,409	2,080,241	--	58,033,219
Less accumulated depreciation for:				
Buildings and improvements	(25,005,807)	(822,534)	706,533	(25,121,808)
Equipment	(714,694)	(353,373)	--	(1,068,067)
Vehicles	(1,928,036)	(352,202)	--	(2,280,238)
Total accumulated depreciation	(27,648,537)	(1,528,109)	--	(28,470,113)
Total capital assets being depreciated, net	29,304,872	552,132	--	29,623,106
Governmental activities capital assets, net	\$ 30,560,844	\$ 9,340,361	\$ --	\$ 39,667,308

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Instruction	\$	728,333
Instructional Resources and Media Services		29,155
Curriculum and Staff Development		14,115
Instructional Leadership		33,676
School Leadership		91,871
Guidance, Counseling, & Evaluation Services		66,417
Social Work Services		1,333
Health Services		12,999
Student Transportation		60,726
Food Services		75,819
Extracurricular Activities		51,122
General Administration		109,330
Plant Maintenance and Operations		208,943
Security and Monitoring Services		15,001
Data Processing Services		29,269
Community Services		--
	\$	<u>1,528,109</u>

### E. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at 2023, Wharton Independent School District, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	929,037	For transfer of federal receipts
General Fund	Special Revenue Funds	12,207	Short-term loans
Debt Service Fund	Special Revenue Funds	750	Short-term loans
	Total	<u>\$ 941,994</u>	

All amounts due are scheduled to be repaid within one year.

### F. Long-Term Obligations

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.

#### General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

#### Advance Funding

General Obligation Bonds	Sale Date	Original Borrowed	Interest Rate to Maturity	Final Maturity	Outstanding Balance
Series 2016, Refunding Bond	01-Feb-2016	3,225,000	3.00% - 4.75%	15-Aug-2037	3,225,000
Series 2019, U/L Tax Bond	15-Feb-2019	14,855,000	3.00% - 5.00%	31-Aug-2044	13,500,000
Series 2019A, U/L Tax Bond	25-Jun-2019	20,685,000	3.00% - 5.00%	31-Aug-2045	18,905,000
Series 2021, U/L Tax Bond	15-Mar-2021	21,175,000	3.00% - 5.00%	31-Aug-2046	20,370,000
Series 2021, Refund Bond	28-Sep-2021	12,180,000	3.00% - 5.00%	15-Aug-2037	12,165,000
					<u>\$ 68,165,000</u>

\*\* Refunding of Bond Series 2013 resulted in no gain or loss.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2023, Wharton Independent School District, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 70,340,000	\$ --	\$ 2,175,000	\$ 68,165,000	\$ 2,220,000
Bond Premium/Discount	1,824,021	--	109,073	1,714,948	--
Net OPEB Liability	7,076,283	(2,877,465)	129,064	4,069,754	--
Net Pension Liability *	3,188,107	4,796,836	540,737	7,444,206	--
Total governmental activities	<u>\$ 82,428,411</u>	<u>\$ 1,919,371</u>	<u>\$ 2,953,874</u>	<u>\$ 81,393,908</u>	<u>\$ 2,220,000</u>

### 2. Debt Service Requirements

Debt service requirements on long-term debt at 2023, Wharton Independent School District, are as follows:

Year Ending	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,220,000	2,201,480	--	\$ --	\$ 4,421,480
2025	2,325,000	2,087,855	--	--	4,412,855
2026	2,440,000	1,968,730	--	--	4,408,730
2027	2,560,000	1,843,730	--	--	4,403,730
2028	2,680,000	1,715,080	--	--	4,395,080
2029-2033	15,235,000	6,760,543	--	--	21,995,543
2034-2038	16,845,000	4,319,039	--	--	21,164,039
2039-2043	16,300,000	2,101,231	--	--	18,401,231
2044-2048	7,560,000	223,034	--	--	7,783,034
Totals	<u>\$ 68,165,000</u>	<u>\$ 23,220,722</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 91,385,722</u>

## G. 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 2023, 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.

## H. Pension Plan

### 1. Plan Description

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

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

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### 2. 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%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

### 3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

### 4. Contributions

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

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

<u>Contribution Rates</u>			
	<u>2022</u>	<u>2023</u>	
Member	8.0%	8.0%	
Non-Employer Contributing Entity (State)	7.75%	8.0%	
Employers	7.75%	8.0%	
District's 2023 Employer Contributions	\$ 565,099	\$ 2,072,195	
District's 2023 Member Contributions	\$ 1,189,028	\$ 1,259,413	
2022 NECE On-Behalf Contributions (State)	\$ 767,267	\$ 706,392	

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the

## WHARTON INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

#### 5. 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, 2022
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% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

\* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

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.

#### 6. Discount Rate

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

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

<b>Asset Class *</b>	<b>Target Allocation **</b>	<b>Long-Term Expected Arithmetic Real Rate of Return ***</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value</b>			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
<b>Real Return</b>			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity</b>	8.0%	2.8%	0.28%
<b>Asset Allocation Leverage</b>			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
<b>Inflation Expectation</b>			2.20%
<b>Volatility Drag ****</b>	-		(0.95)%
<b>Expected Return</b>	<b>100.0%</b>		<b>6.90%</b>
<p>* Absolute Return includes Credit Sensitive Investments.</p> <p>** Target allocations are based on the FY2021 policy model.</p> <p>*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)</p> <p>**** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

### 7. Discount Rate Sensitivity Analysis

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



# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 6,977,852	\$ 7,444,206	\$ 122,867

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

At June 30, 2023, the District reported a liability of \$7,444,206 for its proportionate share of the TRS 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	\$ 7,444,206
State's proportionate share that is associated with District	8,987,143
Total	<u>\$ 16,431,349</u>

The net pension liability was measured as of June 30, 2021 and rolled forward to June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0125392097 percent which was an increase (decrease) of 0.0000203657 percent from its proportion measured as of August 31, 2021.

### 9. Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,653,645 and revenue of \$859,069 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 107,940	\$ 162,298
Changes in Actuarial Assumptions	1,387,098	345,704
Difference Between Projected and Actual Investment Earnings	735,464	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	515,911	360,118
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	1,728,136	--
Total	<u>\$ 4,474,549</u>	<u>\$ 868,120</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

## WHARTON INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Year ended August 31,	Pension Expense Amount
2024	\$ 499,473
2025	\$ 238,280
2026	\$ 84,809
2027	\$ 913,779
2028	\$ 141,953
Thereafter	\$ (1)

#### I. Defined Other Post-Employment Benefit Plans

##### 1. Plan Description

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

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

##### 2. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](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.

##### 3. Benefits Provided

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

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

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

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

##### 4. 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

## WHARTON INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS board of trustees does not have the authority to set or amend contribution rates.

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

Contribution Rates		
	<u>2022</u>	<u>2023</u>
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%

District's 2023 Employer Contributions	\$	111,116	\$	1,566,714
District's 2023 Member Contributions	\$	1,189,028	\$	1,259,413
2022 NECE On-Behalf Contributions (state)	\$	192,006	\$	170,294

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether 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.

#### 5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

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

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

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an an ultimate trend rate of 4.25 percent over a period of 12 years.

### 6. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. This was a decrease of 0.38 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was 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.

### 7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	\$ 4,798,563	\$ 4,069,754	\$ 3,479,325

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

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

At June 30, 2023, the District reported a liability of \$4,069,754 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	\$ 4,069,754
State's proportionate share that is associated with the District	\$ 4,964,460
Total	<u>\$ 9,034,214</u>

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 District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0169969635 which was an increase (decrease) of -0.0013475099% from its proportion measure as of August 31, 2021.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 3,353,495	\$ 6,556,488	\$ 4,998,291

**9. Changes Since the Prior Actuarial Valuation**

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

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

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

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 226,264	\$ 3,390,470
Changes in actuarial assumptions	619,904	2,827,423
Difference between projected and actual investment earnings	12,123	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	759,624	871,469
Contributions paid to TRS subsequent to the measurement date	1,296,323	
Total	<u>\$ 2,914,238</u>	<u>\$ 7,089,362</u>

## WHARTON INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

For the year ended June 30, 2023, the District recognized OPEB expense of \$(1,279,442) and revenue of \$(704,497) for support provided by the State.

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2024	\$ (993,182)
2025	\$ (993,140)
2026	\$ (820,556)
2027	\$ (586,905)
2028	\$ (661,740)
Thereafter	\$ (1,415,924)

#### 10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$80,993.

#### J. Employee Health Care Coverage

During the year ended June 30, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the are available for the year ended, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

#### K. Commitments and Contingencies

##### 1. 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 collectibility 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.

##### 2. Litigation

No reportable litigation was pending against the District at June 30, 2023.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

### L. Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which 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 TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in 2023.

Member Districts	Expenditures
Wharton ISD	\$ 773,688
Boling ISD	275,149
East Bernard ISD	313,289
Total	<u>\$ 1,362,126</u>

### M. Disaggregated Revenue

During the period ended June 30, 2023, revenues reported in the fund financial statements from local sources consisted of the following:

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Totals
Property taxes	\$ 12,716,719	\$ 4,722,325	\$ --	\$ --	\$ 17,439,044
Penalties & interest	149,286	40,954	--	--	190,240
Athletic receipts	60,916	--	--	--	60,916
Investment earnings	271,971	31,417	693,453	2,980	999,821
Insurance Recovery	86,179	--	--	--	86,179
Other	2,104,468	--	25,000	1,544,547	3,674,015
Food service fees	--	--	--	128,075	128,075
	<u>\$ 15,389,539</u>	<u>\$ 4,794,696</u>	<u>\$ 718,453</u>	<u>\$ 1,675,602</u>	<u>\$ 22,578,290</u>

### N. Debt Obligation Adjustment

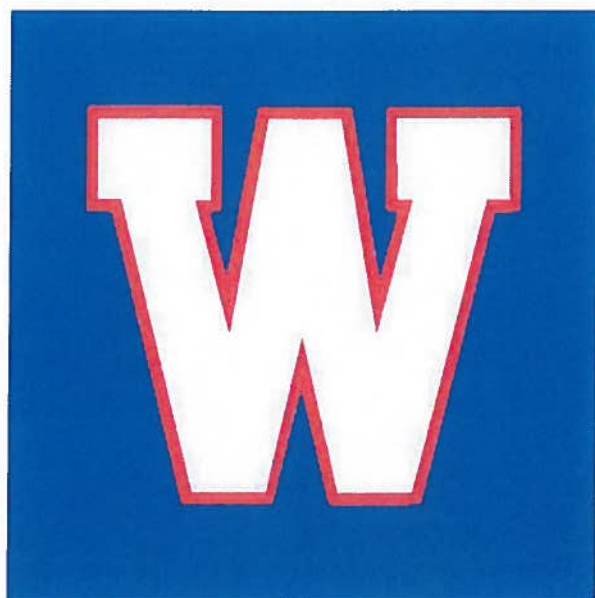
The debt obligation balance for the ending fiscal year 2022 was overstated by \$12,356,837 due to Series 2013 bond and Series 2014 school bond refinancing. Accordingly the aggregate beginning balances of these obligations have been adjusted against net position as follows:

Balance per prior year report	\$ 82,696,837
Aggregate Adjustment	<u>(12,356,837)</u>
Adjusted Beginning Balance 07/01/2022	<u>70,340,000</u>
Net Position, 06/30/2022	\$ (17,254,112)
Debt obligation adjustment	<u>12,356,837</u>
Restated Net Position, Beginning - 07/01/2022	<u>\$ (4,897,275)</u>

### O. Prior Period Adjustment

During the audit engagement of fiscal year ending 2022, the district was changing its accounting software and the new software application did not record the accrued payroll amounts for general fund and food service fund. It was subsequently discovered, and recorded as prior period adjustment during early 2022/2023 fiscal year, and reversed accordingly. The balances in these funds currently reflects the prior period adjustment as follows:

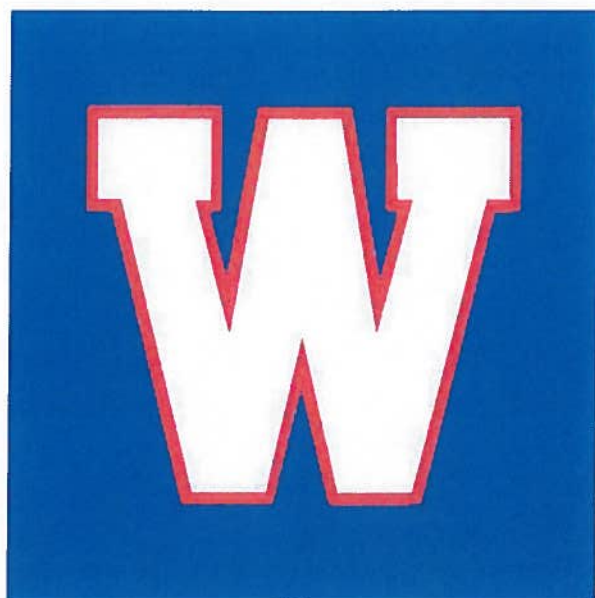
Fund Balance, ending balance-6/30/2022	\$ 12,854,010	
Prior period adjustment- General Fund	\$ (1,457,498)	[Payroll accrual error correction]
Payroll Clearing account -E1 (close-out)	<u>\$ (270,321)</u>	
Fund Balance, Beg. balance-7/01/2023	<u>11,126,191</u>	
Prior period adjustment- Food Svc. Fund	\$ (65,971)	[Payroll accrual error correction]





## 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.



# WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts			Positive
		Original	Final	Actual	(Negative)
	REVENUES:				
5700	Local and Intermediate Sources	\$ 13,535,629	\$ 13,608,976	\$ 15,389,539	\$ 1,780,563
5800	State Program Revenues	6,900,810	6,900,810	5,823,793	(1,077,017)
5900	Federal Program Revenues	340,000	340,000	1,008,267	668,267
5020	Total Revenues	20,776,439	20,849,786	22,221,599	1,371,813
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	8,946,260	10,794,607	10,223,493	571,114
0012	Instructional Resources and Media Services	68,869	81,653	77,963	3,690
0013	Curriculum and Staff Development	49,690	24,747	24,725	22
	Total Instruction and Instr. Related Services	9,064,819	10,901,007	10,326,181	574,826
	Instructional and School Leadership:				
0021	Instructional Leadership	926,431	833,117	835,451	(2,334)
0023	School Leadership	1,481,013	1,440,679	1,402,611	38,068
	Total Instructional and School Leadership	2,407,444	2,273,796	2,238,062	35,734
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	352,894	--	(46,121)	46,121
0032	Social Work Services	5,000	60,611	60,059	552
0033	Health Services	142,095	257,968	250,227	7,741
0034	Student (Pupil) Transportation	856,200	1,287,197	1,124,713	162,484
0036	Cocurricular/Extracurricular Activities	754,230	898,304	896,297	2,007
	Total Support Services - Student (Pupil)	2,110,419	2,504,080	2,285,175	218,905
	Administrative Support Services:				
0041	General Administration	1,447,894	1,714,965	1,679,162	35,803
	Total Administrative Support Services	1,447,894	1,714,965	1,679,162	35,803
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	3,799,160	3,923,831	3,823,648	100,183
0052	Security and Monitoring Services	256,309	324,518	309,941	14,577
0053	Data Processing Services	478,734	689,408	678,668	10,740
	Total Support Services - Nonstudent Based	4,534,203	4,937,757	4,812,257	125,500
	Capital Outlay:				
0081	Capital Outlay	--	3,658,242	3,027,958	630,284
	Total Capital Outlay	--	3,658,242	3,027,958	630,284
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	792,939	793,439	792,939	500
	Total Intergovernmental Charges	792,939	793,439	792,939	500
6030	Total Expenditures	20,357,718	26,783,286	25,161,734	1,621,552
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	418,721	(5,933,500)	(2,940,135)	2,993,365
1200	Net Change in Fund Balance	418,721	(5,933,500)	(2,940,135)	2,993,365
0100	Fund Balance - Beginning	12,583,689	12,583,689	11,126,191	(1,457,498)
3000	Fund Balance - Ending	\$ 13,002,410	\$ 6,650,189	\$ 8,186,056	\$ 1,535,867

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-2**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement period ending August 31,										
District's proportion of the net pension liability (asset)	0.0125392%	0.0125188%	0.0113105%	0.0124702%	0.0120052%	0.0130985%	0.0116409%	0.0123346%	0.0084696%	--
District's proportionate share of the net pension liability (asset)	\$ 7,444,206	\$ 3,188,107	\$ 6,057,695	\$ 6,482,399	\$ 6,607,973	\$ 4,188,201	\$ 4,398,937	\$ 4,360,117	\$ 2,262,347	\$ --
State's proportionate share of the net pension liability (asset) associated with the District	8,987,143	4,578,718	10,282,099	9,617,686	10,942,183	6,469,299	7,716,776	7,730,265	6,671,691	--
Total	<u>\$ 16,431,349</u>	<u>\$ 7,766,825</u>	<u>\$ 16,339,794</u>	<u>\$ 16,100,085</u>	<u>\$ 17,550,156</u>	<u>\$ 10,657,500</u>	<u>\$ 12,115,713</u>	<u>\$ 12,090,382</u>	<u>\$ 8,934,038</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 14,882,793	\$ 15,361,614	\$ 14,280,482	\$ 13,600,906	\$ 13,600,922	\$ 13,466,446	\$ 13,523,052	\$ 12,450,291	\$ 12,444,224	\$ --
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.02%	20.75%	42.42%	47.66%	48.58%	31.10%	32.53%	35.02%	18.18%	--
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-3**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,072,195	\$ 565,099	\$ 540,654	\$ 468,611	\$ 208,408	\$ 203,461	\$ 206,563	\$ 206,928	\$ 202,446	\$ --
Contributions in relation to the contractually required contribution	(2,072,195)	(565,099)	(540,654)	(468,611)	(208,408)	(203,461)	(206,563)	(206,928)	(202,446)	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 15,742,644	\$ 14,963,857	\$ 15,147,767	\$ 14,280,842	\$ 13,600,922	\$ 13,466,446	\$ 13,523,052	\$ 12,450,291	\$ 12,444,224	\$ --
Contributions as a percentage of covered-employee payroll	13.16%	3.78%	3.57%	3.28%	1.53%	1.51%	1.53%	1.66%	1.63%	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE**  
**SHARE OF THE NET OPEB LIABILITY**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**LAST TEN FISCAL YEARS \***

**EXHIBIT G-4**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective net OPEB liability	0.0169970%	0.0183445%	0.0170749%	0.0174485%	0.0170460%	0.0170105%	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 4,069,754	\$ 7,076,283	\$ 6,490,932	\$ 8,251,607	\$ 8,511,221	\$ 7,397,247	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	\$ 4,964,460	\$ 9,480,642	\$ 8,722,257	\$ 10,964,539	\$ 11,038,418	\$ 10,079,874	\$ --	\$ --	\$ --	\$ --
Total	\$ 9,034,214	\$ 16,556,925	\$ 15,213,189	\$ 19,216,146	\$ 19,549,639	\$ 17,477,121	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 14,882,793	\$ 15,361,614	\$ 14,280,482	\$ 13,600,906	\$ 13,600,922	\$ 11,380,380	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	27.35%	46.06%	45.45%	60.67%	62.58%	65.00%	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
LAST TEN FISCAL YEARS \*

EXHIBIT G-1

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required District contribution	\$ 1,566,714	\$ 111,116	\$ 140,953	\$ 115,524	\$ 102,007	\$ 100,978	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(1,566,714)	(111,116)	(140,953)	(115,524)	(102,007)	(100,978)	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 15,742,644	\$ 14,963,857	\$ 15,147,767	\$ 14,280,842	\$ 13,600,922	\$ 11,380,380	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered-employee payroll	9.95%	0.74%	0.93%	0.81%	0.75%	0.89%	--	--	--	--

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

# WHARTON INDEPENDENT SCHOOL DISTRICT

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2023

### Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. 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 after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

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

### Defined Benefit Pension Plan

#### Changes of benefit terms

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

#### Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

### Other Post-Employment Benefit Plan

#### Changes of benefit terms

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

#### Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.



## Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

# WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2023

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (1,847)	\$ 876,906	\$ 12,817	\$ 790
1240	Due from Other Governments	433,536	24,022	183	43
1260	Due from Other Funds	--	(793)	--	--
1300	Inventories	--	34,231	--	--
1410	Unrealized Expenditures	1	--	--	--
1000	Total Assets	<u>431,690</u>	<u>934,366</u>	<u>13,000</u>	<u>833</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 180	\$ --	\$ --
2160	Accrued Wages Payable	31,550	71,672	--	833
2170	Due to Other Funds	400,140	15,026	13,000	--
2190	Due to Student Groups	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>431,690</u>	<u>86,878</u>	<u>13,000</u>	<u>833</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	847,488	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>847,488</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	\$ <u>431,690</u>	\$ <u>934,366</u>	\$ <u>13,000</u>	\$ <u>833</u>

je	279	282	288	313	314
	Texas COVID Learning Acceleration (TCLAS)	ESSER Fund III of the American Rescue Plan Act	Special Revenue Fund	IDEA-B Formula	IDEA-B Preschool
	\$ --	\$ --	\$ 9,438	\$ 12,647	\$ --
	5,943	261,644	--	120,052	513
	--	13,000	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>5,943</u>	<u>274,644</u>	<u>9,438</u>	<u>132,699</u>	<u>513</u>
	\$ --	\$ --	\$ --	\$ 41,471	\$ --
	--	--	--	60,437	--
	5,943	274,644	--	30,791	513
	--	--	--	--	--
	--	--	9,438	--	--
	<u>5,943</u>	<u>274,644</u>	<u>9,438</u>	<u>132,699</u>	<u>513</u>
	--	--	--	--	--
	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	\$ <u>5,943</u>	\$ <u>274,644</u>	\$ <u>9,438</u>	\$ <u>132,699</u>	\$ <u>513</u>

# WHARTON INDEPENDENT SCHOOL DISTRICT

## COMBINING BALANCE SHEET

### NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

Data Control Codes		364 IDEA-B the American Rescue Plan Act	410 State Textbook Fund	429 State Funded Special Revenue Fund
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ 1,737	\$ --
1240	Due from Other Governments	179,088	--	22,849
1260	Due from Other Funds	--	--	--
1300	Inventories	--	--	--
1410	Unrealized Expenditures	--	--	--
1000	Total Assets	<u>179,088</u>	<u>1,737</u>	<u>22,849</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	179,088	--	22,849
2190	Due to Student Groups	--	--	--
2300	Unearned Revenue	--	1,737	--
2000	Total Liabilities	<u>179,088</u>	<u>1,737</u>	<u>22,849</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 179,088</u>	<u>\$ 1,737</u>	<u>\$ 22,849</u>

	437 Special Education	461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ə	\$ 892,883	\$ 198,866	\$ 5,695	\$ 2,009,932
	--	--	--	1,047,873
	--	--	--	12,207
	--	--	--	34,231
	--	--	--	1
	<u>892,883</u>	<u>198,866</u>	<u>5,695</u>	<u>3,104,244</u>
	\$ 427	\$ 491	\$ --	\$ 42,569
	87,028	--	--	251,520
	--	--	--	941,994
	--	(1,280)	--	(1,280)
	<u>347,802</u>	<u>--</u>	<u>--</u>	<u>358,977</u>
	<u>435,257</u>	<u>(789)</u>	<u>--</u>	<u>1,593,780</u>
	--	--	--	847,488
	<u>457,626</u>	<u>199,655</u>	<u>5,695</u>	<u>662,976</u>
	<u>457,626</u>	<u>199,655</u>	<u>5,695</u>	<u>1,510,464</u>
	\$ <u>892,883</u>	\$ <u>198,866</u>	\$ <u>5,695</u>	\$ <u>3,104,244</u>

# WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	244 Career and Tech Education Basic Grant	255 ESEA Title II Training & Recruiting
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ 131,055	\$ --	\$ --
5800	State Program Revenues	--	20,406	--	--
5900	Federal Program Revenues	896,506	1,479,386	29,592	79,965
5020	Total Revenues	896,506	1,630,847	29,592	79,965
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	896,506	--	29,592	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	35,000
0021	Instructional Leadership	--	--	--	13,541
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	1,453,334	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	31,424
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	896,506	1,453,334	29,592	79,965
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	177,513	--	--
1200	Net Change in Fund Balances	--	177,513	--	--
0100	Fund Balances - Beginning	--	669,975	--	--
3000	Fund Balances - Ending	\$ --	\$ 847,488	\$ --	\$ --

263 English Language Acquisition and Enhancement	270 ESEA, Title V Part B, Subpart 2 Rural School	279 Texas COVID Learning Acceleration (TCLAS)	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	2,469	--
14,560	58,845	645,543	1,239,146	2,614,637
14,560	58,845	645,543	1,241,615	2,614,637
14,560	--	638,338	1,013,026	783,961
--	--	--	--	(130,339)
--	--	7,205	--	--
--	--	--	4,103	25,870
--	--	--	--	210,380
--	--	--	--	481,343
--	--	--	--	13,189
--	--	--	--	959,774
--	--	--	--	59,348
--	--	--	--	3,529
--	--	--	--	67,026
--	--	--	--	120,788
--	--	--	--	12,681
--	58,845	--	224,486	7,087
--	--	--	--	--
14,560	58,845	645,543	1,241,615	2,614,637
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

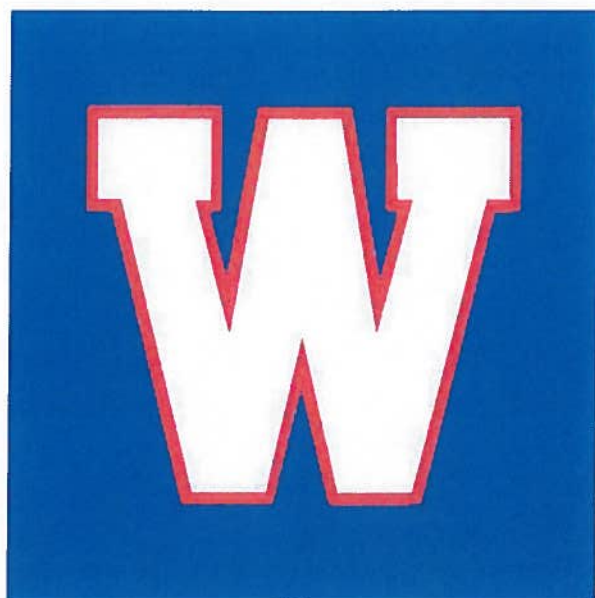
# WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		288 Special Revenue Fund	289 Emergency Impact Aid LEA	313 IDEA-B Formula	314 IDEA-B Preschool
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	88,557	--	--	--
5900	Federal Program Revenues	--	14,626	863,758	4,688
5020	Total Revenues	<u>88,557</u>	<u>14,626</u>	<u>863,758</u>	<u>4,688</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	--	14,626	693,495	4,688
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	170,263	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	88,557	--	--	--
0053	Data Processing Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	<u>88,557</u>	<u>14,626</u>	<u>863,758</u>	<u>4,688</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
1300	Prior Period Adjustment	--	--	--	--
	Fund Balances - Beginning, as Restated	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



364 IDEA-B the American Rescue Plan Act	365 IDEA-B Preschool the American Rescue Plan Act	410 State Textbook Fund	429 State Funded Special Revenue Fund	437 Special Education
\$ --	\$ --	\$ --	\$ --	\$ 1,293,059
--	--	130,034	85,867	69,067
179,088	8,354	--	--	--
<u>179,088</u>	<u>8,354</u>	<u>130,034</u>	<u>85,867</u>	<u>1,362,126</u>
179,088	8,354	130,034	78,248	937,832
--	--	--	--	--
--	--	--	--	199
--	--	--	--	199,512
--	--	--	--	--
--	--	--	--	171,995
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	1,305
--	--	--	7,619	--
--	--	--	--	--
--	--	--	--	51,283
<u>179,088</u>	<u>8,354</u>	<u>130,034</u>	<u>85,867</u>	<u>1,362,126</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	457,626
--	--	--	--	--
--	--	--	--	457,626
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 457,626</u>



**WHARTON INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	461 Campus Activity Funds	499 Wharton County Community Foundation	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 251,488	\$ --	\$ 1,675,602
5800 State Program Revenues	--	--	396,400
5900 Federal Program Revenues	--	--	8,128,694
5020 Total Revenues	<u>251,488</u>	<u>--</u>	<u>10,200,696</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	85,248	--	5,507,596
0012 Instructional Resources and Media Services	--	--	(130,339)
0013 Curriculum and Staff Development	--	--	42,404
0021 Instructional Leadership	--	--	243,026
0023 School Leadership	326	--	210,706
0031 Guidance, Counseling, and Evaluation Services	--	--	823,601
0033 Health Services	--	--	13,189
0034 Student Transportation	--	--	959,774
0035 Food Service	--	--	1,512,682
0036 Cocurricular/Extracurricular Activities	--	--	3,529
0041 General Administration	--	--	98,450
0051 Facilities Maintenance and Operations	--	--	122,093
0052 Security and Monitoring Services	--	--	108,857
0053 Data Processing Services	--	--	290,418
0093 Payments to Shared Service Arrangements	--	--	51,283
6030 Total Expenditures	<u>85,574</u>	<u>--</u>	<u>9,857,269</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>165,914</u>	<u>--</u>	<u>343,427</u>
1200 Net Change in Fund Balances	<u>165,914</u>	<u>--</u>	<u>343,427</u>
0100 Fund Balances - Beginning	33,741	5,695	1,167,037
3000 Fund Balances - Ending	<u>\$ 199,655</u>	<u>\$ 5,695</u>	<u>\$ 1,510,464</u>

**WHARTON INDEPENDENT SCHOOL DISTRICT****EXHIBIT H-3**CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ --	\$ 718,453	\$ 718,453
5020	Total Revenues	--	718,453	718,453
	<b>EXPENDITURES:</b>			
	Capital Outlay:			
0081	Capital Outlay	30,685,000	8,788,229	21,896,771
	Total Capital Outlay	30,685,000	8,788,229	21,896,771
6030	Total Expenditures	30,685,000	8,788,229	21,896,771
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(30,685,000)	(8,069,776)	22,615,224
1200	Net Change in Fund Balance	(30,685,000)	(8,069,776)	22,615,224
0100	Fund Balance - Beginning	35,310,217	35,310,217	--
3000	Fund Balance - Ending	\$ 4,625,217	\$ 27,240,441	\$ 22,615,224

## 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.

**WHARTON INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FOR THE YEAR ENDED JUNE 30, 2023

Year Ended August 31	1		2	3
	Tax Rates		Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service		
2014 and Prior Years	\$ Various	\$ Various	\$ Various	
2015	1.0401	0.1570	1,003,410,826	
2016	1.0401	0.1570	912,298,722	
2017	1.1700	0.0270	988,205,514	
2018	1.1700	0.0270	1,146,091,562	
2019	1.0900	0.1070	1,353,600,167	
2020	1.0165	0.2807	1,292,121,884	
2021	1.0028	0.2836	1,308,062,802	
2022	0.9634	0.3500	1,273,231,157	
'2023 (School Year Under Audit)	0.9287	0.3464	1,421,239,424	

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10	20	31	32	40	50
Beginning Balance 07/01/2022	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 06/30/2023
\$ 210,290	\$ --	\$ 6,480	\$ 457	\$ 33,960	\$ 237,312
30,237	--	1,070	161	(14)	28,992
25,454	--	1,741	263	--	23,450
29,821	--	2,585	60	(15)	27,162
38,728	--	5,082	117	(488)	33,041
136,556	--	8,213	841	(1,437)	126,065
88,188	--	14,404	4,077	40,292	109,998
147,815	--	55,785	16,851	37,739	112,919
481,410	--	246,755	93,173	48,825	190,307
--	18,122,224	12,322,151	4,604,255	(34,667)	1,161,151
\$ <u>1,188,499</u>	\$ <u>18,122,224</u>	\$ <u>12,664,266</u>	\$ <u>4,720,256</u>	\$ <u>124,196</u>	\$ <u>2,050,397</u>

**WHARTON INDEPENDENT SCHOOL DISTRICT**

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM  
AS OF JUNE 30, 2023

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 2,286,553
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 1,130,048
<b><u>Section B: Bilingual Education Programs</u></b>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 150,299
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 185,341



**WHARTON INDEPENDENT SCHOOL DISTRICT****EXHIBIT J-4**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 228,930	\$ 131,055	\$ (97,875)
5800	State Program Revenues	50,000	20,406	(29,594)
5900	Federal Program Revenues	1,233,000	1,479,386	246,386
5020	Total Revenues	<u>1,511,930</u>	<u>1,630,847</u>	<u>118,917</u>
<b>EXPENDITURES:</b>				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	1,511,930	1,453,334	58,596
	Total Support Services - Student (Pupil)	<u>1,511,930</u>	<u>1,453,334</u>	<u>58,596</u>
6030	Total Expenditures	<u>1,511,930</u>	<u>1,453,334</u>	<u>58,596</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	177,513	177,513
1200	Net Change in Fund Balance	--	177,513	177,513
0100	Fund Balance - Beginning	735,945	669,975	(65,970)
3000	Fund Balance - Ending	<u>\$ 735,945</u>	<u>\$ 847,488</u>	<u>\$ 111,543</u>

# WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

FUND 511  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 4,775,949	\$ 4,794,696	\$ 18,747
5800	State Program Revenues	1,533	153,230	151,697
5020	Total Revenues	<u>4,777,482</u>	<u>4,947,926</u>	<u>170,444</u>
	<b>EXPENDITURES:</b>			
	Debt Service:			
0071	Principal on Long-Term Debt	2,228,051	2,175,000	53,051
0072	Interest on Long-Term Debt	2,307,780	2,358,580	(50,800)
0073	Bond Issuance Costs and Fees	3,750	6,000	(2,250)
	Total Debt Service	<u>4,539,581</u>	<u>4,539,580</u>	<u>1</u>
6030	Total Expenditures	<u>4,539,581</u>	<u>4,539,580</u>	<u>1</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>237,901</u>	<u>408,346</u>	<u>170,445</u>
1200	Net Change in Fund Balance	237,901	408,346	170,445
0100	Fund Balance - Beginning	<u>1,666,329</u>	<u>1,666,329</u>	--
3000	Fund Balance - Ending	<u>\$ 1,904,230</u>	<u>\$ 2,074,675</u>	<u>\$ 170,445</u>

**Harry Afadapa & Associates, PC**  
**Certified Public Accountants**  
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Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Board of Trustees  
Wharton Independent School District  
2100 N. Fulton  
Wharton, Texas 77488

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wharton Independent School District's basic financial statements, and have issued our report thereon dated September 29, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wharton Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Wharton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Wharton Independent School District's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

*Harry Afadapa & Associates, PC*

Harry Afadapa & Associates, PC

Houston, Texas  
September 29, 2023

**Harry Afadapa & Associates, PC**  
**Certified Public Accountants**  
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Houston, Texas 77070  
(832) 960-7977~www.afadapa.com

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

Board of Trustees  
Wharton Independent School District  
2100 N. Fulton  
Wharton, Texas 77488

Members of the Board of Trustees:

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

**Opinion on Each Major Federal Program**

We have audited Wharton 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 Wharton Independent School District's major federal programs for the year ended June 30, 2023. Wharton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wharton Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of Wharton 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 Wharton 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 Wharton Independent School District's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Wharton 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 Wharton 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 Wharton 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

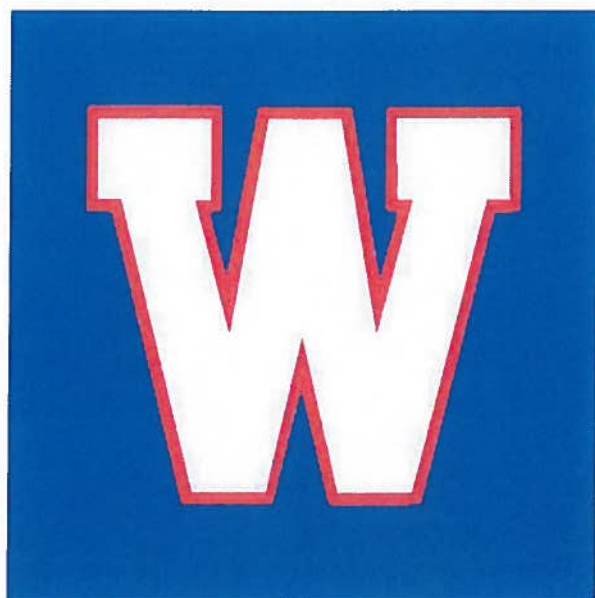
Respectfully submitted,

*Harry Afadapa & Associates, PC*

Harry Afadapa & Associates, PC

Houston, Texas

September 29, 2023





**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None Reported

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

Version of compliance supplement used in audit: August 2021

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)??        Yes   X   No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.27/84.173	IDEA-Part B Formular/Pre-school
84.425D	CARES Act Coronavirus Relief Fund -ESSER
10.553/10.555	National Nutrition Food Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**  
**NONE**

**C. Federal Award Findings and Questioned Costs**  
**NONE**

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None		

# WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT K-1

Page 1 of 2

(1)	(2)	(2A)	(3)	
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
SSA IDEA - Part B, Formula - American Rescue Plan (ARP) Act	84.027	22535002241904	\$ --	\$ 179,088
SSA IDEA - Part B, Formula	84.027	23660001241904	\$ --	\$ --
SSA IDEA - Part B, Formula	84.027	23660001241904	\$ --	\$ 439,499
SSA IDEA - Part B, Formula	84.027	23660001241904	--	424,259
Total ALN Number 84.027			--	863,758
SSA IDEA - Part B, Preschool - American Rescue Plan (ARP) Act	84.173		--	8,354
SSA IDEA - Part B, Preschool	84.173	23661001241904	--	(1,494)
SSA IDEA - Part B, Preschool	84.173	23661001241904	--	6,182
				4,688
Total Passed Through State Department of Education			--	1,055,888
Total U. S. Department of Education			--	1,055,888
Total Special Education (IDEA) Cluster			--	1,055,888
<b>OTHER PROGRAMS:</b>				
<u>U. S. Department of Education</u>				
Direct Programs:				
Federally Funded Special Revenue Funds	84.424A	22680101241904	--	14,626
Total Direct Programs			--	14,626
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010a	23610141241904	--	687,105
ESEA Title I Part A - Improving Basic Programs	84.010a	23610141241904	--	209,401
Total ALN Number 84.010a			--	896,506
Career and Technical Education - Basic Grant	84.048	23420006241904	--	3,093
Career and Technical Education - Basic Grant	84.048	23420006241904	--	26,499
				29,592
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gr	84.358a	23696001241904	--	--
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gr	84.358a	23696001241904	--	58,845
ESEA Title II, Part A - Teacher and Principal Training and Recruitin	84.367a	23694501241904	--	62,757
ESEA Title II, Part A - Teacher and Principal Training and Recruitin	84.367a	23694501241904	--	17,208
Total ALN Number 84.367a			--	79,965
Title III, Part A-English Language Acquisition and Language Enhar	84.365a	22671001241904	--	2,488
Title III, Part A-English Language Acquisition and Language Enhar	84.365a	23671001241904	--	12,072
				14,560
ESSER Fund II of the CRRSA Act	84.425D	21521001241904	--	1,239,145
ESSER Fund II of the CRRSA Act	84.425D	21521001241904		2,470
ESSER Fund III of the American Rescue Plan Act of 2021	84.425D	21528001241904	--	39,115
ESSER Fund III of the American Rescue Plan Act of 2021	84.425D	21528001241904	--	116,250
ESSER Fund III of the American Rescue Plan Act of 2021	84.425D	21528001241904	--	2,459,272
Total ALN Number 84.425D			--	3,856,252

**WHARTON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**EXHIBIT K-1**

Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
Texas COVID Learning Acceleration Supports (TCLAS)-State ESS84.425U	21528042241904	--	645,543
Total Passed Through State Department of Education		--	5,595,889
Total U. S. Department of Education		--	6,651,777
U.S. Department of Agriculture Pass Through Texas Department of Agriculture: Pass Through State Department of Education: Child Nutrition Cluster			
Commodity Supplemental Food Program (Non-cash)	10.565	158003a	132,788
School Breakfast Program	10.553	714023	--
Total CFDA Number 10.553			319,037
National School Lunch Program	10.555	713023	--
Total CFDA Number 10.555			1,001,509
Total U. S. Department of Agriculture		--	1,453,334
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -- \$ 8,105,111
<b>TOTAL EXPENDITURES PER EXHIBIT H-2</b>			9,857,269
Reconciliation of Expenditures			
Less:			
Non-Federal expenditures			(1,752,158)
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -- \$ 8,105,111

The accompanying notes are an integral part of this schedule.

**WHARTON INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

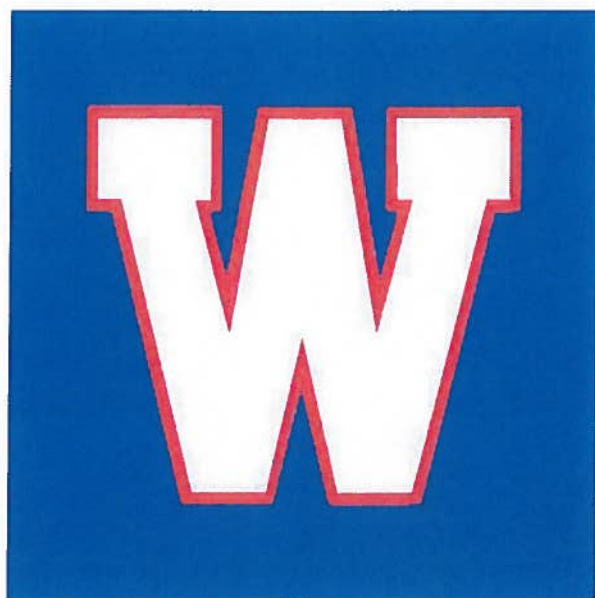
Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Wharton Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Wharton Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**WHARTON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2023

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