

COLEMAN
INDEPENDENT SCHOOL DISTRICT
COLEMAN COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022



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

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CERTIFICATE OF BOARD

**Coleman Independent School
District**

Name of School District

Coleman

County

042901

County – District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved _____ disapproved for the year ended **August 31, 2022**, at a meeting of the Board of Trustees of such school district on the **15th** day of **December 2022**.



Signature of Board President



Signature of Board Secretary

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

James E. Rodgers and Company, P.C.

Certified Public Accountants

20 Southwest Third Street • PO Box 669 • Hamlin, Texas 79520 • Tel: 325-576-2356 • Fax: 325-576-3525

E-mail: rodgerscpa@att.net

Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

December 15, 2022

**Unmodified Report on Financial Statements Issued in Accordance with *Government Auditing Standards*
and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information,
and Other Information**

INDEPENDENT AUDITOR'S REPORT

**To the Board of Trustees
Coleman Independent School District
Coleman, Texas 76834**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coleman Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Coleman Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coleman Independent School District, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coleman 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 the Coleman 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and 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.

James E. Rodgers and Company, P.C.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Coleman Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Coleman 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 the Coleman 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 Coleman Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



James E. Rodgers and Company, P.C.

COLEMAN INDEPENDENT SCHOOL DISTRICT

2302 S. Commercial Ave
PO Box 900
Coleman, Texas 76834



Phone: 325-554-7577 * Fax: 325-554-7740

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administration of **Coleman Independent School District**, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

Highlights of Current Fiscal Year Finances

District's Total Net Position at the End of the Year	\$6,375,626
Total District Revenues for the Current Fiscal Year	\$13,283,042
Total District Expenses for the Current Fiscal Year	\$11,896,651
Fund Balance in the General Fund at the End of Year	\$6,867,926

Changes in the District's Finances from the Previous Fiscal Year

	Increase (Decrease)	
	\$	%
<u>Change in Net Position:</u>		
Change in the District's Total Net Position	\$ 1,314,783	25.98%
<u>Revenue Changes:</u>		
Change in the District's Total Revenues	\$ (170,248)	-1.27%
Change in the District's Property Tax Revenues	\$ 67,770	3.06%
Change in the District's State Aid Formula Grants	\$ 73,458	0.99%
Change in Operating Grants and Contributions	\$ (305,270)	-8.47%
<u>Expense Changes:</u>		
Change in the District's Total Expenses	\$ (587,747)	-4.71%
<u>Other Information:</u>		
Change in the District's General Fund Balance	\$ 774,390	12.71%
Excess (Deficit) of Actual Revenue over Budgeted Revenue	\$ 116,981	1.14%

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district. The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position (Exhibit A-1). Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's Net Position and changes in them. The District's Net Position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we combine the District into one kind of activity (all governmental activities).

Governmental activities—All the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the “Elementary and Secondary Education Act (ESEA) Title I, Part A – Improving Basic Programs” act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

Governmental funds—Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule following each of the fund financial statements.

Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds which the District does not have at present) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds in Exhibits D-1, D-2, and D-3) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

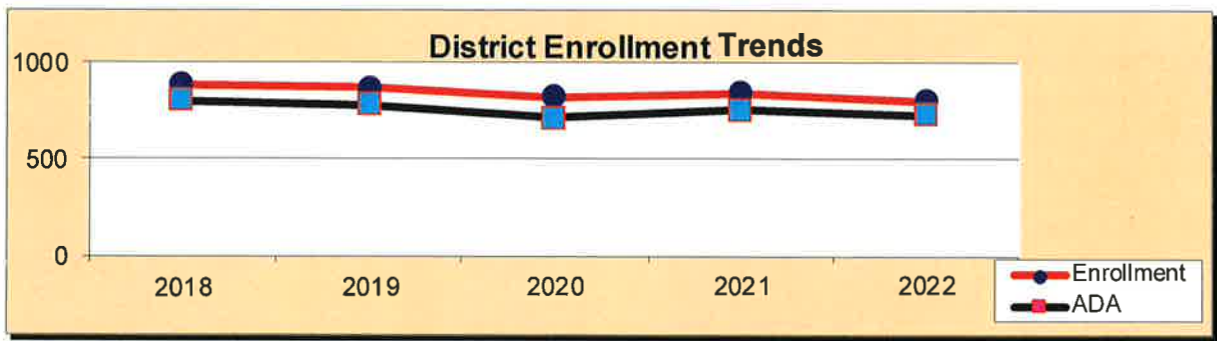
The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position (Exhibit E-1). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

State funding in Texas is based upon the District’s average daily attendance, thus the District’s revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District. The following chart details the enrollment trends of the District.

ENROLLMENT TRENDS

Year	Enrollment	ADA
2018	885	798.6
2019	869	780.1
2020	822	711.1
2021	842	754.0
2022	802	725.5



The following table indicates the Net Position of the District at the end of the previous and current year.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 7,161,253	\$ 7,873,842	\$ -	\$ -	\$ 7,161,253	\$ 7,873,842
Capital assets	6,967,119	6,867,324	-	-	6,967,119	6,867,324
Deferred Outflows of Resources	1,696,274	1,503,096	-	-	1,696,274	1,503,096
Total assets & deferred outflows	\$ 15,824,646	\$ 16,244,262	\$ -	\$ -	\$ 15,824,646	\$ 16,244,262
Long-term liabilities	\$ 245,834	\$ 78,599	\$ -	\$ -	\$ 245,834	\$ 78,599
Other liabilities	617,935	531,047	-	-	617,935	531,047
Net pension liability	2,997,902	1,429,445	-	-	2,997,902	1,429,445
Net OPEB liability	3,302,258	3,275,753	-	-	3,302,258	3,275,753
Deferred Inflows Unavailable Revenue	3,599,874	4,553,792	-	-	3,599,874	4,553,792
Total liabilities & deferred inflows	\$ 10,763,803	\$ 9,868,636	\$ -	\$ -	\$ 10,763,803	\$ 9,868,636
Net Position:						
Net Investment in Capital Assets	\$ 6,728,488	\$ 6,788,725	\$ -	\$ -	\$ 6,728,488	\$ 6,788,725
Restricted	162,605	221,364	-	-	162,605	221,364
Unrestricted	(1,830,250)	(634,463)	-	-	(1,830,250)	(634,463)
Total net position	\$ 5,060,843	\$ 6,375,626	\$ -	\$ -	\$ 5,060,843	\$ 6,375,626

The following table indicates the changes in Net Position of the District during the previous and current years.

Table II						
COLEMAN INDEPENDENT SCHOOL DISTRICT						
Changes in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Program Revenues:						
Charges for Services	\$ 66,640	\$ 100,715	\$ -	\$ -	\$ 66,640	\$ 100,715
Operating grants & contributions	3,602,891	3,297,621	-	-	3,602,891	3,297,621
General Revenues:						
Maintenance & operations taxes	2,217,002	2,284,772	-	-	2,217,002	2,284,772
Debt service taxes	-	-	-	-	-	-
State aid - formula grants	7,451,523	7,524,981	-	-	7,451,523	7,524,981
Grants and contributions not restricted to specific functions	-	-	-	-	-	-
Investment earnings	20,393	19,251	-	-	20,393	19,251
Miscellaneous Income	94,841	55,702	-	-	94,841	55,702
Total Revenues	\$ 13,453,290	\$ 13,283,042	\$ -	\$ -	\$ 13,453,290	\$ 13,283,042
Expenses						
Instruction, curriculum & media services	\$ 6,108,910	\$ 5,519,175	\$ -	\$ -	\$ 6,108,910	\$ 5,519,175
Instructional & school leadership	973,693	944,467	-	-	973,693	944,467
Student support services	925,335	843,390	-	-	925,335	843,390
Food Services	470,335	540,034	-	-	470,335	540,034
Co-curricular activities	643,574	673,477	-	-	643,574	673,477
General administration & data processing	1,199,862	1,122,020	-	-	1,199,862	1,122,020
Plant maintenance & security	1,725,366	1,745,776	-	-	1,725,366	1,745,776
Interest on long term debt	999	12,462	-	-	999	12,462
Other business-type activities & intergovernmental	436,324	495,850	-	-	436,324	495,850
Total Expenses	\$ 12,484,398	\$ 11,896,651	\$ -	\$ -	\$ 12,484,398	\$ 11,896,651
Increase in net position before transfers and special items	\$ 968,892	\$ 1,386,391	\$ -	\$ -	\$ 968,892	\$ 1,386,391
Transfers	-	12,088	-	-	-	12,088
Prior period adjustment	-	(83,696)	-	-	-	(83,696)
Net position at 9/1	4,091,951	5,060,843	-	-	4,091,951	5,060,843
Total Net Position	\$ 5,060,843	\$ 6,375,626	\$ -	\$ -	\$ 5,060,843	\$ 6,375,626

An analysis of the change in the Net Position for governmental activities is as follows:

Excess of Revenues Over Expenditures for Governmental Funds	\$ 833,149
Current Year Purchases of Capital Assets	266,721
Current Year Debt Principal Payments	353,071
Depreciation	(419,511)
Other Modified to Full Accrual Revenue Adjustments	(82,817)
Net Adjustment to Pension Expense Per GASB 68	166,906
Net Adjustments for OPEB plan required by GASB 75	280,960
Change in Net Position of Governmental Activities	\$ 1,398,479

THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements				
	General Fund	Special Revenue Funds	Debt Service Fund	Total
Revenues	\$ 10,395,057	\$ 3,529,224	\$ -	\$ 13,924,281
Expenditures	(9,684,768)	(3,474,800)	-	(13,159,568)
Other Financing Sources	68,436	4,335	-	72,771
Other Financing Uses	(4,335)	-	-	(4,335)
Net Change in Fund Balance	\$ 774,390	\$ 58,759	\$ -	\$ 833,149
Beginning Fund Balance	6,093,536	162,605	-	6,256,141
Decrease in Fund Balance	-	-	-	-
Ending Fund Balance				
All Governmental Funds	\$ 6,867,926	\$ 221,364	\$ -	\$ 7,089,290

The District modified its budget several times during the year resulting in a net decrease in budgeted expenditures between the original and final budget in the District's General Fund. Significant amendments were made during the current year in various functions as per Exhibit G-1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current year, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This year's major additions and the net change in total capital assets are as follows:

Land - 511 W 7th St	\$	8,024
Portable Building		16,100
Vibrophone M55		5,036
Bunker Rake		6,500
Ice Machine		7,965
(2) PowerEdge R640 Servers		20,542
2023 Chevy Suburban		52,761
2023 GMC Yukon XL		55,563
2022 Chevy 2500		37,882
New ES Canon Copy Machines		56,348
TOTAL	\$	266,721
Total Additions	\$	266,721
Total Deletions		141,335
Net Change	\$	125,386

The District's next fiscal year general fund capital budget indicates no significant capital outlay.

Debt

The District's long term debt at the end of the current year is as follows:

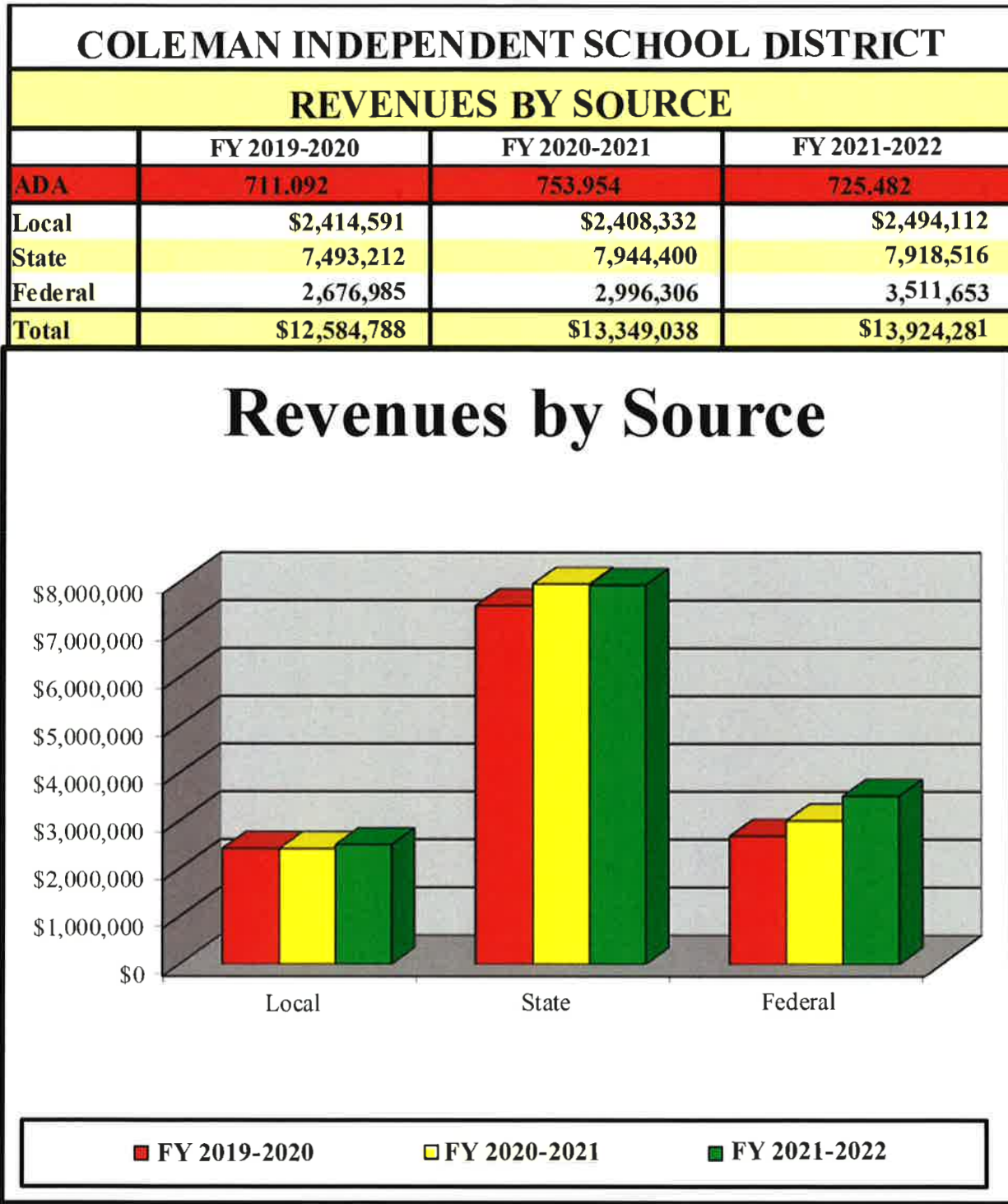
	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 8/31/2022	Next Year's Total Principal and Interest Requirement
Finance Purchase Obligations - Dell Computers	5.82%	\$ 245,561	\$ 4,757	\$ -	\$ -
2015 Maintenance Tax Notes	3.15%	437,525	12,579	-	-
Long-term Right to Use Lease Asset Liabilities:					
Toshiba Copy Machines	3.00%	16,253	366	10,052	4,317
Canon Copy Machines	3.00%	195,430	1,963	68,548	31,698
Totals		\$ 894,769	\$ 19,665	\$ 78,600	\$ 36,015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

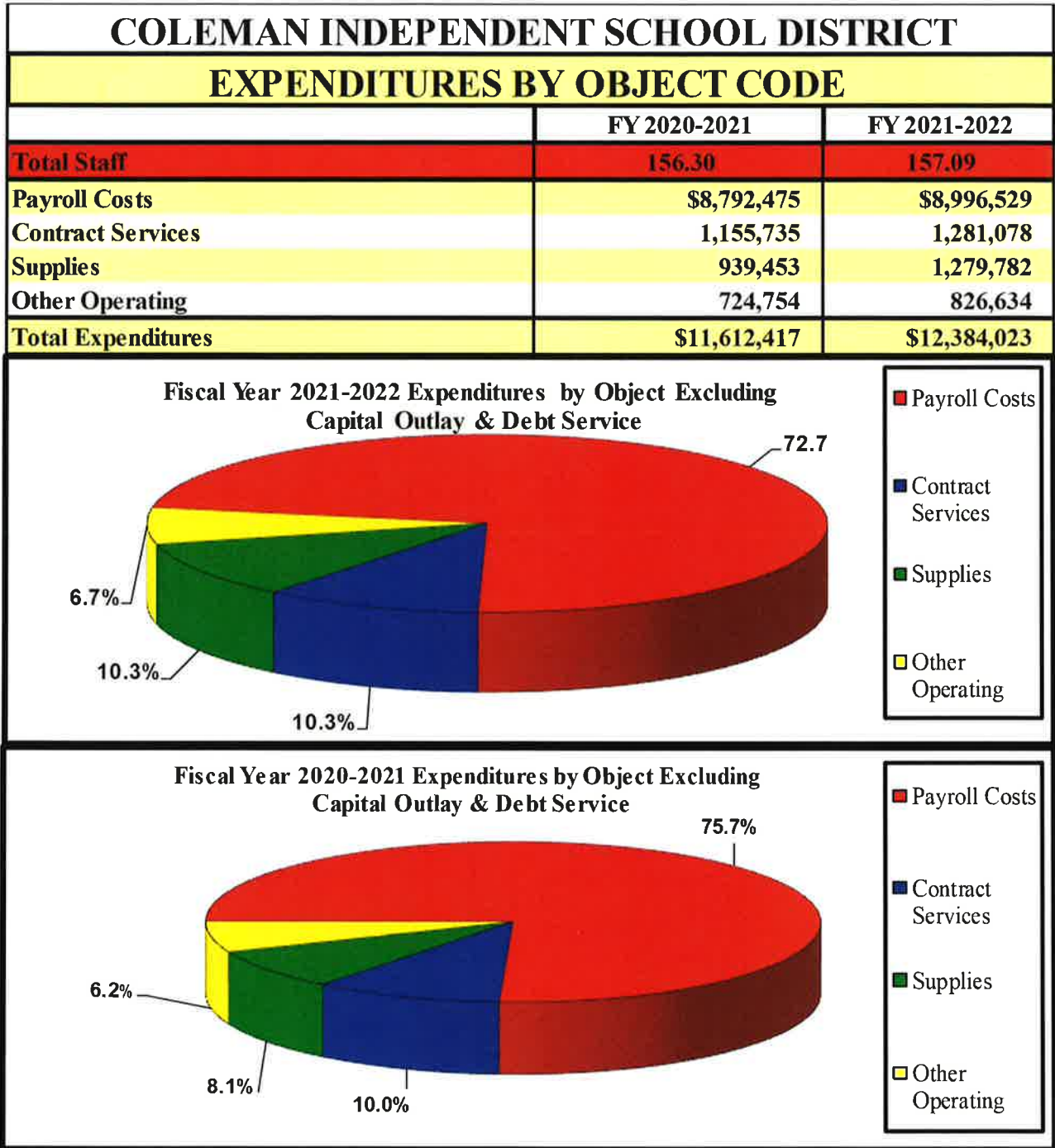
The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Those changes along with expected student enrollment were implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

Fiscal Year 2022 - 2023 Adopted Budget			
	General Fund	Child Nutrition Fund	TOTALS
Revenues	\$ 10,128,699	\$ 597,000	\$ 10,725,699
Expenditures	(10,078,699)	(647,000)	(10,725,699)
Other Financing Sources	-	50,000	50,000
Other Financing Uses	(50,000)	-	(50,000)
Net Change in Fund Balance	\$ -	\$ -	\$ -
Beginning of Year Fund Balance	6,867,926	107,436	6,975,362
Projected End of Year Fund Balance	\$ 6,867,926	\$ 107,436	\$ 6,975,362

The following graph indicates the District's revenues by source for the last three years.



The following graph indicates the District's operating expenditures by object for the last two years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at **Coleman Independent School District, PO Box 900, Coleman, Texas 76834, (325) 625-3575.**

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,318,601
1120 Current Investments	1,420,189
1220 Property Taxes - Delinquent	338,006
1230 Allowance for Uncollectible Taxes	(84,501)
1240 Due from Other Governments	880,212
1267 Due from Fiduciary Funds	1
1290 Other Receivables, Net	1,334
Capital Assets:	
1510 Land	946,829
1520 Buildings, Net	5,413,277
1530 Furniture and Equipment, Net	430,431
1550 Right-to-Use Leased Assets, Net	76,787
1000 Total Assets	14,741,166
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	928,529
1706 Deferred Outflow Related to TRS OPEB	574,567
1700 Total Deferred Outflows of Resources	1,503,096
LIABILITIES	
2110 Accounts Payable	94,917
2160 Accrued Wages Payable	358,394
2200 Accrued Expenses	43,248
2300 Unearned Revenue	34,488
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	34,124
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	44,475
2540 Net Pension Liability (District's Share)	1,429,445
2545 Net OPEB Liability (District's Share)	3,275,753
2000 Total Liabilities	5,314,844
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,678,501
2606 Deferred Inflow Related to TRS OPEB	2,875,291
2600 Total Deferred Inflows of Resources	4,553,792
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	6,788,725
Restricted:	
3820 Restricted for Federal and State Programs	107,436
3870 Restricted for Campus Activities	113,928
3900 Unrestricted	(634,463)
3000 Total Net Position	\$ 6,375,626

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

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

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 5,308,075	\$ 21,811	\$ 1,304,479	\$ (3,981,785)
12	Instructional Resources and Media Services	113,968	-	29,933	(84,035)
13	Curriculum and Instructional Staff Development	97,132	-	57,949	(39,183)
21	Instructional Leadership	461,611	-	414,368	(47,243)
23	School Leadership	482,856	-	(1,663)	(484,519)
31	Guidance, Counseling, and Evaluation Services	352,185	-	231,361	(120,824)
32	Social Work Services	21,453	-	24,421	2,968
33	Health Services	91,623	-	(367)	(91,990)
34	Student (Pupil) Transportation	378,129	-	104,376	(273,753)
35	Food Services	540,034	25,789	561,277	47,032
36	Extracurricular Activities	673,477	52,115	(4,919)	(626,281)
41	General Administration	673,995	-	50,252	(623,743)
51	Facilities Maintenance and Operations	1,643,182	1,000	84,937	(1,557,245)
52	Security and Monitoring Services	102,594	-	(352)	(102,946)
53	Data Processing Services	448,025	-	50,910	(397,115)
61	Community Services	55,353	-	59,714	4,361
72	Debt Service - Interest on Long-Term Debt	12,462	-	-	(12,462)
81	Capital Outlay	24,124	-	-	(24,124)
93	Payments Related to Shared Services Arrangements	416,373	-	330,945	(85,428)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 11,896,651	\$ 100,715	\$ 3,297,621	(8,498,315)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			2,284,772	
SF	State Aid - Formula Grants			7,524,981	
IE	Investment Earnings			19,251	
MI	Miscellaneous Local and Intermediate Revenue			55,702	
FR	Transfers In (Out)			12,088	
TR	Total General Revenues & Transfers			9,896,794	
CN	Change in Net Position			1,398,479	
NB	Net Position - Beginning			5,060,843	
PA	Prior Period Adjustment			(83,696)	
NE	Net Position - Ending			\$ 6,375,626	

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 5,031,623	\$ 276,699	\$ 5,308,322
1120 Investments - Current	1,420,189	-	1,420,189
1220 Property Taxes - Delinquent	338,006	-	338,006
1230 Allowance for Uncollectible Taxes	(84,501)	-	(84,501)
1240 Due from Other Governments	657,599	222,613	880,212
1260 Due from Other Funds	151,885	-	151,885
1000 Total Assets	<u>\$ 7,514,801</u>	<u>\$ 499,312</u>	<u>\$ 8,014,113</u>
LIABILITIES			
2110 Accounts Payable	\$ 60,454	\$ 34,463	\$ 94,917
2160 Accrued Wages Payable	303,672	54,722	358,394
2170 Due to Other Funds	15,591	151,884	167,475
2200 Accrued Expenditures	8,423	7,621	16,044
2300 Unearned Revenue	5,230	29,258	34,488
2000 Total Liabilities	<u>393,370</u>	<u>277,948</u>	<u>671,318</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	253,505	-	253,505
2600 Total Deferred Inflows of Resources	<u>253,505</u>	<u>-</u>	<u>253,505</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	107,436	107,436
3490 Other Restricted Fund Balance	-	113,928	113,928
Committed Fund Balance:			
3510 Construction	1,975,262	-	1,975,262
3525 Retirement of Loans or Notes Payable	827	-	827
3530 Capital Expenditures for Equipment	375,000	-	375,000
3545 Other Committed Fund Balance	225,000	-	225,000
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	57,728	-	57,728
3600 Unassigned Fund Balance	4,234,109	-	4,234,109
3000 Total Fund Balances	<u>6,867,926</u>	<u>221,364</u>	<u>7,089,290</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,514,801</u>	<u>\$ 499,312</u>	<u>\$ 8,014,113</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	7,089,290
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$18,637,216 and the accumulated depreciation was (\$11,670,096). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		6,721,285
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.		619,792
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount \$928,529, a deferred resource inflow in the amount of \$1,678,501, and a net pension liability in the amount of \$1,429,445. This resulted in a decrease in net position.		(2,179,417)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$574,567, a deferred resource inflow in the amount of \$2,875,291, and a net OPEB liability in the amount of \$3,275,753. This resulted in a decrease in net position.		(5,576,477)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(419,511)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		120,664
19 Net Position of Governmental Activities	\$	6,375,626

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 2,420,323	\$ 73,789	\$ 2,494,112
5800 State Program Revenues	7,895,368	23,148	7,918,516
5900 Federal Program Revenues	79,366	3,432,287	3,511,653
5020 Total Revenues	<u>10,395,057</u>	<u>3,529,224</u>	<u>13,924,281</u>
EXPENDITURES:			
Current:			
0011 Instruction	4,552,051	1,385,451	5,937,502
0012 Instructional Resources and Media Services	95,484	31,966	127,450
0013 Curriculum and Instructional Staff Development	39,305	57,974	97,279
0021 Instructional Leadership	104,290	415,954	520,244
0023 School Leadership	534,283	6,589	540,872
0031 Guidance, Counseling, and Evaluation Services	165,164	234,219	399,383
0032 Social Work Services	-	24,422	24,422
0033 Health Services	101,544	1,615	103,159
0034 Student (Pupil) Transportation	335,233	107,667	442,900
0035 Food Services	-	561,277	561,277
0036 Extracurricular Activities	623,228	43,868	667,096
0041 General Administration	665,324	57,833	723,157
0051 Facilities Maintenance and Operations	1,424,624	96,422	1,521,046
0052 Security and Monitoring Services	107,509	807	108,316
0053 Data Processing Services	452,355	58,058	510,413
0061 Community Services	2,086	59,733	61,819
Debt Service:			
0071 Principal on Long-Term Liabilities	353,071	-	353,071
0072 Interest on Long-Term Liabilities	19,665	-	19,665
Capital Outlay:			
0081 Facilities Acquisition and Construction	24,124	-	24,124
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	85,428	330,945	416,373
6030 Total Expenditures	<u>9,684,768</u>	<u>3,474,800</u>	<u>13,159,568</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>710,289</u>	<u>54,424</u>	<u>764,713</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	12,088	-	12,088
7913 Right-to-Use Leases	56,348	-	56,348
7915 Transfers In	-	4,335	4,335
8911 Transfers Out (Use)	(4,335)	-	(4,335)
7080 Total Other Financing Sources (Uses)	<u>64,101</u>	<u>4,335</u>	<u>68,436</u>
1200 Net Change in Fund Balances	774,390	58,759	833,149
0100 Fund Balance - September 1 (Beginning)	<u>6,093,536</u>	<u>162,605</u>	<u>6,256,141</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,867,926</u>	<u>\$ 221,364</u>	<u>\$ 7,089,290</u>

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	833,149
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.</p>		
		-
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.</p>		
		619,792
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(419,511)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.</p>		
		(82,817)
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$259,932. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$239,539. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$146,513. The net result is a increase in the change in net position.</p>		
		166,906
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$67,136. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$64,005. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$277,829. The net result is an increase in the change in net position.</p>		
		280,960
Change in Net Position of Governmental Activities	\$	1,398,479

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

COLEMAN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AUGUST 31, 2022

EXHIBIT D-1

	Governmental Activities -	
		Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$	10,279
Due from Other Funds		15,591
Other Receivables		1,334
Total Assets		27,204
LIABILITIES		
Current Liabilities:		
Accrued Expenses		27,204
Total Liabilities		27,204
NET POSITION		
Unrestricted Net Position		-
Total Net Position	\$	-

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

COLEMAN INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 23,942
Total Operating Revenues	23,942
OPERATING EXPENSES:	
Other Operating Costs	23,942
Total Operating Expenses	23,942
Operating Income	-
Total Net Position - September 1 (Beginning)	-
Total Net Position - August 31 (Ending)	\$ -

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

COLEMAN INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 35,009
Cash Payments for Insurance Claims	(27,768)
Net Cash Provided by Operating Activities	7,241
Net Increase in Cash and Cash Equivalents	7,241
Cash and Cash Equivalents at Beginning of Year	3,038
Cash and Cash Equivalents at End of Year	\$ 10,279
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	11,067
Increase (decrease) in Accrued Expense	(3,826)
Net Cash Provided by Operating Activities	\$ 7,241
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ 10,279

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

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

EXHIBIT E-1

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 57,410
Investments - Current	-	4,319
Restricted Assets	46,374	-
Total Assets	46,374	\$ 61,729
LIABILITIES		
Due to Other Funds	-	1
Total Liabilities	-	1
NET POSITION		
Restricted for Campus Activities	-	61,728
Restricted for Scholarships	46,374	-
Total Net Position	\$ 46,374	\$ 61,728

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

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

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ -	\$ 122,918
Earnings from Temporary Deposits	-	20
Contributions, Gifts and Donations	21,327	-
Total Additions	<u>21,327</u>	<u>122,938</u>
DEDUCTIONS:		
Professional and Contracted Services	6,000	-
Other Deductions	-	131,360
Total Deductions	<u>6,000</u>	<u>131,360</u>
Change in Fiduciary Net Position	15,327	(8,422)
Total Net Position - September 1 (Beginning)	<u>31,047</u>	<u>70,150</u>
Total Net Position - August 31 (Ending)	<u>\$ 46,374</u>	<u>\$ 61,728</u>

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

COLEMAN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Coleman Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the **Coleman Independent School District** non-fiduciary activities with most of the Inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

The District reports the following major enterprise fund(s):

The District does not maintain major enterprise funds at present.

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

Governmental Funds:

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

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund when applicable.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District maintains private purpose trust funds to provide scholarships for students that have graduated from the District.

Custodial Funds – The District accounts for resources held for others in a custodial capacity in custodial funds including funds used to account for student activities.

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds". While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities' column. Similarly, balances between the funds included in any business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in / out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method, if material. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures and expenses in the year the bonds are issued.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

ASSETS	YEARS
Buildings	40
Building Improvements	30
Vehicles and Equipment	10
Right-to-Use Lease Assets	Lease Term

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, provides statutory workers' compensation benefits to its members and their injured employees.

9. Net Position and Fund Balances:

Government-wide and Proprietary Fund Net Position:

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned—Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned—All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

11. The District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

12. Investment income reported in one fund has not been assigned directly to another fund by the District.

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

14. Deferred Outflows of Resources:

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflow of resources reported in this year's Statement of Net Position relates to the TRS GASB #68 liability and GASB #75 OPEB liabilities. No deferred outflows of resources affect the governmental funds financial statements in the current year.

15. Deferred Inflows of Resources:

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has items which occur because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes and grants are reported in the governmental funds balance sheet. The District did have deferred inflows of resources to report in its government-wide or proprietary fund financial statements for the current year related to the TRS GASB #68 and GASB #75 OPEB liabilities.

16. Pensions:

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

17. 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 resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the new OPEB liability, deferred outflows of resources and deferred inflows or 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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Change in Net Position
Land	\$ 938,805	\$ -	\$ 938,805	
Buildings and Improvements	15,191,786	(9,652,045)	5,539,741	
Equipment and Vehicles	2,095,591	(1,718,215)	377,376	
Right-to-Use Lease Assets	411,033	(299,836)	111,197	
Change in Net Position				\$ 6,967,119
Long-Term Liabilities at the Beginning of the Year			Payable at Beginning of Year	
Tax Maintenance Notes			\$ 238,631	
Financed Purchase Obligations			-	
Right-to-Use Lease Liabilities			-	
Accrued Interest - Bonds and Financed Purchase Obligations			7,203	
Change in Net Position				245,834
Net Adjustment to Net Position				\$ 6,721,285

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ 8,024		
Buildings & Improvements	16,100		
Equipment and Vehicles	186,249		
Right-to-Use Lease Assets	56,348		
Total Capital Outlay	<u>\$ 266,721</u>	\$ 266,721	\$ 266,721
Debt Principal Payments			
Notes Principal	\$ 238,631		
Financed Purchase Obligations	81,766		
Right-to-Use Lease Liabilities	32,674		
Total Principal Payments	<u>\$ 353,071</u>	353,071	353,071
Total Adjustment to Net Position		<u>\$ 619,792</u>	<u>\$ 619,792</u>

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue, Unearned Revenue, Beginning Net Position:			
Begin Year Unearned Property Tax Revenue	\$ 287,177	\$ -	\$ 287,177
Modified to Full Accrual Property Tax Adjustments	(33,672)	(33,672)	(33,672)
Prior Period Adjustment	83,696	-	(83,696)
Reclassify Proceeds of Bonds, Financed Purchase Obligations, Right-to-Use Leases			
Proceeds of Right-to-Use Leases Executed	56,348	(56,348)	(56,348)
Reclassify Certain Expenditures to Full Accrual From Modified Accrual:			
Adjust Interest Expense on Long-term Debt	7,203	7,203	7,203
Totals		<u>\$ (82,817)</u>	<u>\$ 120,664</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund (if applicable) and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. **The General Fund Budget report appears in Exhibit G-1 and the other two reports are in the J Exhibits as reported in the required TEA Exhibits.**

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. These amendments are included in Exhibit G-1 for the general fund.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	End of Year Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 107,436
Non-appropriated Budget Funds	<u>113,928</u>
All Special Revenue Funds	\$ 221,364

B. BUDGETARY STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The District has disclosed budgetary stewardship, compliance, and accountability in Section C of the Notes to Required Supplementary Information.

C. DEFICIT FUND EQUITY

The District **did not incur a deficit fund balance** in any fund during the current school year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE	8/31/2022
Cash Deposits in Bank	\$ 5,373,381
Certificates of Deposit Maturity to 3 months	-
Cash on Hand	2,630
Restricted Cash Deposits in Bank	46,374
Total Cash and Cash Equivalents by Account Type	\$ 5,422,385
CASH AND CASH EQUIVALENTS BY FUND	8/31/2022
Cash and Cash Equivalents:	
General Fund	\$ 5,031,623
Major Governmental Funds	-
Non-Major Governmental Funds	276,699
Enterprise Funds	-
Internal Service Funds	10,279
Custodial Funds	57,410
Trust Funds	46,374
Other Funds	-
Total Cash and Cash Equivalents by Fund	\$ 5,422,385

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

CUSTODIAL CREDIT RISK	HIGHEST CASH BALANCE	8/31/2022
Name of Depository Bank: Coleman County State Bank, Coleman, TX		
Total amount of FDIC Insurance (FDIC)	\$ 500,000	\$ 500,000
Amount of Bond or Securities Pledged	8,327,627	10,711,198
Total FDIC, Bond or Securities Pledged	\$ 8,827,627	\$ 11,211,198
Cash Deposits and Cash Investments in Bank	\$ 8,568,357	\$ 7,008,169
Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged	\$ 259,270	\$ 4,203,029
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank	YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the District's investments were rated by Standard & Poor's, Fitch Ratings, etc.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

U.S. Treasury Bonds and *Commercial Paper* classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

As of the end of the current fiscal year, the District had the following investments:

Investments	August 31, 2022 Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investment s	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost -							
Investment pools:							
Texpool	\$ -	-	-	-	0.00%	-	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	57,180	-	-	-	4.01%	87	AAAm*
Investments measured by fair value level -							
Certificates of Deposit	1,363,009	-	1,363,009	-	95.69%	210	BBB+ to AA-
Restricted Investments-	-	-	-	-	0.00%	-	BBB+ to AA-
Scholarship Funds-LoneStar Investment Pool	4,319	-	-	-	0.30%	87	AAAm*
Total Investments	\$ 1,424,508	\$ -	\$ 1,363,009	\$ -	100.00%		

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

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND	Due From Other Funds	Due To Other Funds
General Fund		
Non-major Governmental Funds	\$ 151,884	\$ -
Internal Service Funds	-	15,591
All Others	1	-
Total General Fund	<u>\$ 151,885</u>	<u>\$ 15,591</u>
Non-major Governmental Funds		
General Fund	\$ -	\$ 151,884
Total Non-major Governmental Funds	<u>\$ -</u>	<u>\$ 151,884</u>
Internal Service Funds		
General Fund	\$ 15,591	\$ -
Total Internal Service Funds	<u>\$ 15,591</u>	<u>\$ -</u>
All Other Funds		
General Fund	\$ -	\$ 1
Total All Other Funds	<u>\$ -</u>	<u>\$ 1</u>
Total Interfund Receivables / Payables	<u>\$ 167,476</u>	<u>\$ 167,476</u>

The balance of \$151,884 due to the general fund from non-major governmental funds resulted from expenditures from state and federal grant funds in which reimbursement from the grant provider had not been received by year-end; \$0 of the balance is not scheduled to be collected in the subsequent year. The balance of \$15,591 due to the internal service fund from the general fund arose from the District commitment to fund the self-insurance fund; \$0 of the balance is not scheduled to be collected in the subsequent year. The balance of \$1 due to the general fund to the agency funds arose from the money collected by the custodial fund due to the general fund; \$0 of the balance is not scheduled to be collected in the subsequent year.

Inter-fund transfers for the current year end consisted of the following individual amounts:

FUND	Transfers In	Transfers Out
General Fund		
Non-major Special Revenue Governmental Funds	\$ -	\$ 4,335
Total General Fund	\$ -	\$ 4,335
Non-major Governmental Funds		
General Fund	\$ 4,335	\$ -
Total Non-major Governmental Funds	\$ 4,335	\$ -
Total Interfund Transfers	\$ 4,335	\$ 4,335

Inter-fund transfers for the current year end consisted of the following individual amounts:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Food Service Funds. The District did make an operating transfer to the Food Service Fund from the general fund during the current year of \$4,335.

During the current year, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 338,006	\$ 657,599	\$ 151,885	\$ -	\$ 1,147,490
Non-major Governmental Funds	-	222,613	-	-	222,613
Internal Service Funds	-	-	15,591	1,334	16,925
Total Governmental Activities	\$ 338,006	\$ 880,212	\$ 167,476	\$ 1,334	1,387,028
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at year end were as follows:

	Accounts Payable	Accrued Wages Payable	Payroll Liabilities and Accrued Expenditures	Due To Other Funds	Due to Other Governments	Total Payables
Governmental Activities:						
General Fund	\$ 60,454	\$ 303,672	\$ 8,423	\$ 15,591	\$ -	\$ 388,140
Non-major Governmental Funds	34,463	54,722	7,621	151,884	-	248,690
Internal Service Funds	-	-	27,204	-	-	27,204
Total Governmental Type Activities	\$ 94,917	\$ 358,394	\$ 43,248	\$ 167,475	\$ -	\$ 664,034
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year was as follows:

Primary Government				
	Beginning Balance	Additions	Deletions, Reclassifications, Prior Period Adjustments	Ending Balance
Governmental Activities:				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 938,805	\$ 8,024	\$ -	\$ 946,829
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	15,191,786	16,100	-	15,207,886
Equipment and Vehicles	2,095,591	186,249	269,698	2,551,538
Right-to-Use Lease Assets	411,033	56,348	(255,697)	211,684
Totals at Historic Cost	\$ 18,637,215	\$ 266,721	\$ 14,001	\$ 18,917,937
Less Accumulated Depreciation / Amortization:				
Buildings and Improvements	\$ 9,652,045	\$ 283,899	\$ (141,335)	\$ 9,794,609
Equipment and Vehicles	1,718,215	103,056	299,836	2,121,107
Right-to-Use Lease Assets	299,836	32,556	(197,495)	134,897
Total Accumulated Depreciation	\$ 11,670,096	\$ 419,511	\$ (38,994)	\$ 12,050,613
Governmental Activities Capital Assets-Net	\$ 6,967,119	\$ (152,790)	\$ 52,995	\$ 6,867,324
Depreciation expense was charged to governmental activities functions as follows:				
Instruction			\$	41,839
Student (Pupil) Transportation				62,832
Food Services				1,077
Extracurricular Activities				35,801
General Administration				4,063
Plant Maintenance and Operations				268,170
Security and Monitoring				1,600
Data Processing Services				4,129
In addition, depreciation on capital assets held by the District's Internal Service Fund(s) is charged to the various functions based on their usage of the assets				-
Total Depreciation Expense - Governmental Activities			\$	419,511

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land.

LONG-TERM LEASE ASSETS

Intangible Right-to-Use Assets

In Fiscal Year 2022, the District implemented the guidance in GASBS No. 87, *Leases*, and recognized the value of copiers leased under long-term contracts.

As of August 31, 2022, the District had several lease agreements in place for copiers. In the current year, the District entered into a new lease agreement to replace the copiers leased under previous leases with new leased equipment. The terms of the new lease agreement require amortization and payments over 5 years.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District had no short-term debt obligations at any time during the current fiscal year.

H. BONDS, NOTES, FINANCED PURCHASE OBLIGATIONS, AND OTHER LONG-TERM DEBT PAYABLE

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bond Issuance	-	-	-	-	-
Maintenance Tax Notes	238,631	-	238,631	-	-
Financed Purchase Obligations	81,766	-	81,766	-	-
Total Bonds and Notes Payable	\$ 320,397	\$ -	\$ 320,397	\$ -	\$ -
Other Liabilities:					
Accretion Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest Payable	7,203	-	7,203	-	-
Total Other Liabilities	\$ 7,203	\$ -	\$ 7,203	\$ -	\$ -
Total Governmental Activities Long-Term Liabilities	\$ 327,600	\$ -	\$ 327,600	\$ -	\$ -

Debt Payable - Governmental Activities:

Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 9/1/2021	Additions	Reductions	Ending Balance 8/31/2022
General Obligation Bonds Payable:							
NO U/L BONDS PAYABLE YEAR SERIES	0.00-0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Obligation Bonds			\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bond Issuance							
Maintenance Tax Notes Payable:							
MAINTENANCE TAX NOTES 2015 SERIES	3.15%	\$ 437,525	\$ 12,579	\$ 238,631	\$ -	\$ 238,631	\$ -
N/A		-	-	-	-	-	-
Total Maintenance Tax Notes			\$ 12,579	\$ 238,631	\$ -	\$ 238,631	\$ -
Financed Purchase Obligations Payable:							
DELL COMPUTERS	5.82%	\$ 245,561	\$ 4,758	\$ 81,766	\$ -	\$ 81,766	\$ -
Total Financed Purchase Obligations			\$ 4,758	\$ 81,766	\$ -	\$ 81,766	\$ -
Total Debt Payable - Governmental Activities			\$ 17,337	\$ 320,397	\$ -	\$ 320,397	\$ -

The following table summarizes the annual debt service requirements of the District's Governmental Activities long-term debt August 31, 2022:

	General Obligation Bonds		Maintenance Tax Notes		Financed Purchase Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In prior years, the District has not defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, no trust account assets and liabilities for the defeased bonds exist and none are included in the District's financial statements. As of the current year end, \$0 of bonds considered defeased are still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture retired in a previous year. District administration has indicated that the District is in compliance with all significant limitations and restrictions at year end.

LONG-TERM LEASE OBLIGATIONS

Intangible Right-to-Use Lease Liabilities

In FY 2022, the District implemented the guidance of **GASB Statement No. 87, Leases**, for accounting and reporting leases that had previously been reported as operating leases.

Copier Leases

The District leases a variety of copier/printers from Canon and Toshiba for a term of 60 months. The leases on 2017 copiers expired in fiscal year 2022. The District therefore entered into a new lease which requires a minimum monthly lease payment of \$1,013, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2022 and prior leases, the District used the interest rate (3%) on its financing agreements to determine an appropriate discount rate. The 2017 leases were discounted using an imputed rates of 3% to determine the discounted lease liability that matched the buyout payment. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

Minimum future lease payments:

Lease Payments to Maturity of the District's Governmental Activities long-term leases as of August 31, 2022:

	Copy Machine Leases		Postage Machine		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 34,124	\$ 1,891	\$ -	\$ -	\$ 34,124	\$ 1,891
2024	15,343	1,124	-	-	15,343	1,124
2025	13,272	677	-	-	13,272	677
2026	11,835	314	-	-	11,835	314
2027	4,025	25	-	-	4,025	25
2028-2032	-	-	-	-	-	-
2033-2037	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-
Totals	\$ 78,599	\$ 4,031	\$ -	\$ -	\$ 78,599	\$ 4,031

I. COMMITMENTS UNDER SHORT-TERM LEASES

Commitments under short-term lease agreements for equipment are reported as rental expenditures in appropriate functional categories depending on the related usage of the equipment. Those leases provide for month-to-month or other short term rental obligations of 12 months or less.

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in “lump sum” cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

**L. UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES –
UNAVAILABLE REVENUE - GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Unearned Revenue and Deferred Inflows of Resources – Unavailable Revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Total
<u>Deferred Inflows:</u>			
Unavailable Revenue - Property Taxes	\$ 253,505	\$ -	\$ 253,505
<u>Unearned Revenue:</u>			
State and Federal Grants	5,230	29,258	34,488
Total Deferred Inflows / Unearned Revenues	\$ 258,735	\$ 29,258	\$ 287,993

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as “Due from State Agencies” except for some federal programs which are received directly from the federal government for grants such as the REAP Program.

FUND	Due From State - Foundation Entitlements	Due from State / Other - Federal and State Source Grants	Other	TOTAL
General	\$ 624,435	\$ -	\$ 33,164	\$ 657,599
Nonmajor Special Revenue Funds	-	222,613	-	222,613
Totals	\$ 624,435	\$ 222,613	\$ 33,164	\$ 880,212

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Special Revenue Fund	Total
Property Taxes	\$ 2,284,870	\$ -	\$ 2,284,870
Property Tax Penalty and Interest	33,575	-	33,575
Investment Income	19,251	-	19,251
Food Sales	-	25,789	25,789
Extracurricular Student Activities	33,617	-	33,617
Other Miscellaneous Revenues	49,010	48,000	97,010
Totals	\$ 2,420,323	\$ 73,789	\$ 2,494,112

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is not aware of pending exposure to claims related to these areas; however, legal counsel and the District do not expect any financial exposure to assets of the District.

P. CONSTRUCTION & OTHER SIGNIFICANT COMMITMENTS & CONTINGENCIES

The District at year end had not incurred additional commitments and/or contingencies in connection with construction or other areas of significance.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District is a member of the Coleman ISD Shared Services Arrangement ("SSA"). The SSA provides before and after school programs as funded through the 21st Century Community Learning Center grant to member districts. Coleman Independent School District is the fiscal agent for the SSA. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangement has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District's expenditures to the SSA for the current year were as follows:

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent District Program		
				Special Revenue Fund	Special Revenue Fund	Expenditures Current Year
Ballinger ISD SSA	Special Education	Ballinger ISD	Special Education	437	n/a	\$ 85,428
TOTAL FUNCTION 93 EXPENDITURES						\$ 85,428

The District also participates in shared service arrangements with other school districts for various educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. Ballinger Independent School District and the Region IV ESC are the fiscal agents for each SSA. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements have been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agents, nor does the District have a net equity interest in the fiscal agents. The fiscal agents are neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent managers are responsible for all financial activities of the shared services arrangements. Presented below are the shared service arrangements in which the District participates, and the extent of funding received and expended under each program.

Shared Services Arrangement	Type of Services	Fiscal Agent	Funding Source	Fiscal Agent District Program		
				Special Revenue Fund	Special Revenue Fund	Expenditures Current Year
Ballinger ISD SSA	Special Education	Ballinger ISD	IDEA, Part B - Formula	313	224	\$ 181,242
Ballinger ISD SSA	Special Education	Ballinger ISD	IDEA, Part B - PreSchool	314	225	19,463
Region 15 ESC	General Education	Region 15	ESEA, Title II, Part A	n/a	255	36,701
Region 15 ESC	General Education	Region 15	ESEA, Title IV, Part A	n/a	289	57,642
Region 15 ESC	Head Start	Region 15	Head Start	n/a	205	126,465

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **December 15, 2022**, the date this Annual Financial Report was issued. No material subsequent events have occurred from the current year end to the date this Financial Report was issued.

S. RELATED ORGANIZATIONS

The District at present does not maintain an Educational Foundation (the "Foundation"). These entities are usually established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. This entity would be a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 14 as amended by Statements 39 and 61*.

T. RELATED PARTY TRANSACTIONS

The District incurs related party transactions with businesses owned or employers for various members of the board of trustees. The District did not incur any material reportable related party transactions or balances as of and during the current year end.

U. FUND BALANCE / NET POSITION ADJUSTMENTS

During the current fiscal year, the District made net position adjustments as follows:

Governmental Fund Balance	General Fund	Special Revenue Funds	Debt Service Fund	Total
Increase (Decrease) Begin Year Fund Balance:				
No current year fund balance adjustments	\$ -	\$ -	\$ -	\$ -
Total Governmental Fund Balance Adjustments	\$ -	\$ -	\$ -	\$ -
Government Wide Net Position		Governmental Activities		
Increase (Decrease) Beginning of Year Net Position:				
<u>Prior Period Adjustment - Right-to-Use Leases per GASB 87:</u>				
Financed Purchase Obligations - Computers			\$ (81,766)	
Begin Year Right-to-Use Lease Liability			<u>(1,930)</u>	\$ (83,696)
Total Prior Period Adjustments - Government Wide Net Position				\$ (83,696)

V. RISK FINANCING AND OTHER COVERAGE

Workers' Compensation Program

Beginning September 1, 1992, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (West Texas Educational Insurance Association self-funded workers' compensation program) along with other participating entities. The District contributes annual amounts determined by Claims Administrative Services, Inc. As claims arise, they are submitted to and paid by Claims Administrative Services, Inc. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$225,000 and aggregate retention at \$2,000,000.

The costs associated with this self-insurance plan are reported as inter-fund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the funds at August 31, 2022, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported.

Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31 are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. Changes in the balances of claims liabilities during the past year are as follows:

	Previous Fiscal Year	Current Fiscal Year
Unpaid claims, beginning of year	\$ 39,088	\$ 31,030
Incurred claims (including IBNR'S)	31,642	23,942
Claim Payments	(39,700)	(27,768)
Unpaid claims, end of year	\$ 31,030	\$ 27,204

Property / Casualty Program

During the current year end, the District participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage for the following:

- 1) Crime,
- 2) General Liability,
- 3) Property,
- 4) Sexual Misconduct Endorsement, and
- 5) SP Legal Liability.

The Fund was created and is operated under the provision of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund purchased stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund used the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Program

During the current year, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

W. DEFINED BENEFIT PENSION PLAN

a. 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.

b. 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 http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

c. Benefits Provided

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

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

d. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution Rates can be found in the TRS 2021 ACFR, Note 11, on pages 85 and 86.

	Contribution Rates	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.8%
Employers	7.5%	7.8%
Current fiscal year employer contributions		\$ 259,932
Current fiscal year member contributions		\$ 545,154
2021 measurement year NECE on-behalf contributions		\$ 372,335
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2020 Medicare, Part D On-Behalf		\$ 29,239
Fiscal year 2021 Medicare, Part D On-Behalf		\$ 29,811
Fiscal year 2022 Medicare, Part D On-Behalf		\$ 27,437

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

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

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

In addition to the employer contributions listed above, there 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.

e. Actuarial Assumptions

The total pension liability in the August 31, 2021, actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 11, page 87.

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate of August 2019	1.95%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases including inflation	3.05 % to 9.05% including inflation
Ad hoc post-employment benefit changes	None

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

f. Discount Rate

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

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 (see page 53 of the TRS ACFR) are summarized below:

Teacher Retirement System of Texas
 Asset Allocation and Long-Term Expected Real Rate of Return
 As of August 31, 2021

Asset Allocations			
Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	3.6 %	0.94 %
Non-US Developed	13.0	4.4	0.83
Emerging Markets	9.0	4.6	0.74
Private Equity	14.0	6.3	1.36
Stable Value			
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
Real Return			
Real Estate	15.0 %	4.5 %	1.00 %
Energy, Natural Resources & Infrastructure	6.0	4.7	0.35
Commodities	0.0	1.7	0.00
Risk Parity	8.0 %	2.8 %	0.28 %
Asset Allocation Leverage			
Cash	2.0 %	(0.7)%	(0.01) %
Asset Allocation Leverage	(6.0)	(0.5)	0.03
Inflation Expectation			2.20 %
Volatility Drag****			(0.95) %
Expected Return	100.0 %		6.90 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2021 policy model.			
***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).			
****The volatility drag results from the conversion between arithmetic and geometric mean returns.			

g. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate. The discount rate can be found in the 2021 TRS ACFR, Note 11, page 87 and the Table of Sensitivities [Table 11.I.1] can be found on page 88.

	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:	\$ 3,123,564	\$ 1,429,445	\$ 55,000

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

At the measurement date of August 31, 2021, the District reported a liability of \$1,429,445 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	\$ 1,429,445
State's proportionate share that is associated with the District	2,221,937
Total	<u>\$ 3,651,382</u>

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0056130487% which was a increase (decrease) of 0.0000155579% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

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

For the current year ended August 31, the District recognized the following:

Year Ended August 31, 2022 pension expense	<u>\$ 101,909</u>
Revenue for support provided by the State	<u>\$ 8,883</u>

At August 31, 2022, 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 experiences	\$ 2,392	\$ 100,634
Changes in actuarial assumptions	505,281	220,259
Differences between projected and actual investment earnings	-	1,198,571
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	160,924	159,037
Total as of August 31, 2021 measurement date	\$ 668,597	\$ 1,678,501
Contributions paid to TRS subsequent to the measurement date	259,932	
Total as of fiscal year-end	\$ 928,529	\$ 1,678,501

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

Fiscal year ended August 31,	Pension Expense
2023	\$ (197,152)
2024	(194,431)
2025	(286,678)
2026	(330,944)
2027	1,692
Thereafter	(2,391)

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

a. 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.

b. OPEB Plan Fiduciary Net Position

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

c. 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

d. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public 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.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 67,136
Current fiscal year member contributions		\$ 44,294
2021 measurement year NECE on-behalf contributions		\$ 88,883

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

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

e. 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: *Actuarial Assumption can be found in the 2021 TRS ACFR, Note 9, page 76.*

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 member of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020, TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

<u>Actuarial Methods and Assumptions:</u>	
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	
<u>Additional Actuarial Methods and Assumptions:</u>	
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	Thirty-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs
Salary Increases	3.05% to 9.05%, including inflation
Ad-hoc Post Employment	None
Benefit Changes	

f. Discount Rate

A single discount rate of 1.95 percent was used to measure the total OPEB Liability. There was a decrease of .38 percent in the discount rate since the previous year. The Discount Rate can be found in the 2021 TRS ACFR on page 77. 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 a 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.

g. 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 (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of the net OPEB liability	\$ 3,951,313	\$ 3,275,753	\$ 2,744,066

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

At August 31, 2022, the District reported a liability of \$3,275,753 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	\$ 3,275,753
State's proportionate share that is associated with the District	4,388,780
Total	<u>\$ 7,664,533</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 employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2020, thru August 31, 2021.

At August 31, 2021 the employer’s proportion of the collection Net OPEB Liability was 0.0084920248%.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 2,653,252	\$ 3,275,753	\$ 4,110,996

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: These can be found in the 2021 TRS ACFR on page 77.

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

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

The amount of OPEB expense recognized by the District in the reporting period was (\$375,803).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 141,037	\$ 1,585,694
Changes in actuarial assumptions	362,828	692,761
Differences between projected and actual investment earnings	3,556	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	10	596,836
Contributions paid to TRS subsequent to the measurement date	67,136	
Total as of fiscal year-end	\$ 574,567	\$ 2,875,291

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

Fiscal year ended August 31,	OPEB Expense Amount
2023	\$ (447,252)
2024	(447,332)
2025	(447,310)
2026	(361,084)
2027	(244,349)
Thereafter	(420,533)

For the current year ended August 31, the District recognized OPEB expense of (\$375,803) and revenue of \$(161,979) for support provided by the State.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,279,639	\$ 2,408,124	\$ 2,420,323	\$ 12,199
5800 State Program Revenues	7,632,951	7,824,833	7,895,368	70,535
5900 Federal Program Revenues	46,000	45,119	79,366	34,247
5020 Total Revenues	9,958,590	10,278,076	10,395,057	116,981
EXPENDITURES:				
Current:				
0011 Instruction	4,783,645	4,579,943	4,552,051	27,892
0012 Instructional Resources and Media Services	130,348	107,971	95,484	12,487
0013 Curriculum and Instructional Staff Development	77,120	64,809	39,305	25,504
0021 Instructional Leadership	92,938	110,076	104,290	5,786
0023 School Leadership	523,438	565,100	534,283	30,817
0031 Guidance, Counseling, and Evaluation Services	159,473	191,537	165,164	26,373
0032 Social Work Services	-	1,000	-	1,000
0033 Health Services	102,088	111,561	101,544	10,017
0034 Student (Pupil) Transportation	284,912	399,772	335,233	64,539
0036 Extracurricular Activities	663,249	672,474	623,228	49,246
0041 General Administration	729,010	715,308	665,324	49,984
0051 Facilities Maintenance and Operations	1,519,624	1,542,804	1,424,624	118,180
0052 Security and Monitoring Services	98,061	127,677	107,509	20,168
0053 Data Processing Services	595,023	491,386	452,355	39,031
0061 Community Services	1,814	2,986	2,086	900
Debt Service:				
0071 Principal on Long-Term Liabilities	57,419	383,476	353,071	30,405
0072 Interest on Long-Term Liabilities	-	17,245	19,665	(2,420)
0073 Bond Issuance Cost and Fees	-	1,000	-	1,000
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	24,125	24,124	1
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	85,428	85,428	85,428	-
6030 Total Expenditures	9,903,590	10,195,678	9,684,768	510,910
1100 Excess of Revenues Over Expenditures	55,000	82,398	710,289	627,891
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	12,087	12,088	1
7913 Right-to-Use Leases	-	-	56,348	56,348
8911 Transfers Out (Use)	(55,000)	(14,335)	(4,335)	10,000
7080 Total Other Financing Sources (Uses)	(55,000)	(2,248)	64,101	66,349
1200 Net Change in Fund Balances	-	80,150	774,390	694,240
0100 Fund Balance - September 1 (Beginning)	6,093,536	6,093,536	6,093,536	-
3000 Fund Balance - August 31 (Ending)	\$ 6,093,536	\$ 6,173,686	\$ 6,867,926	\$ 694,240

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.005394469%	0.006045433%	0.005952%	0.0064398%	0.0047271%
\$ 2,969,246	\$ 1,933,004	\$ 2,249,183	\$ 2,276,384	1,262,673
4,973,784	3,069,969	3,725,583	3,504,747	3,179,595
<u>\$ 7,943,030</u>	<u>\$ 5,002,973</u>	<u>\$ 5,974,766</u>	<u>\$ 5,781,131</u>	<u>\$ 4,442,268</u>
\$ 6,380,521	\$ 6,623,937	\$ 6,450,964	\$ 6,254,179	6,069,894
46.54%	29.18%	34.87%	36.40%	20.80%
73.74%	82.17%	78.00%	78.43%	83.25%

	2019	2018	2017	2016	2015
\$	178,631	\$ 181,696	\$ 198,134	\$ 189,111	\$ 190,685
	(178,631)	(181,696)	(198,134)	(189,111)	(190,685)
\$	-	\$ -	\$ -	\$ -	\$ -
\$	6,298,025	\$ 6,380,521	\$ 6,623,937	\$ 6,450,964	\$ 6,254,179
	2.84%	2.85%	2.99%	2.93%	3.05%

FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
	0.009300622%		0.009980167%
\$	4,643,886	\$	4,340,000
	4,601,468		4,359,459
\$	<u>9,245,354</u>	\$	<u>8,699,459</u>
\$	6,380,521	\$	6,623,937
	72.78%		65.52%
	1.57%		0.91%

	<u>2019</u>	<u>2018</u>
\$	61,743	\$ 64,161
	(61,743)	(64,161)
\$	<u>-</u>	<u>\$ -</u>
\$	6,298,025	\$ 6,380,521
	0.98%	1.01%

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

A. Notes to Schedules for the TRS Pension

Changes of benefit terms

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

Changes of assumptions

There were no changes to the actuarial assumptions since the prior measurement date.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefit

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

Changes in Assumptions

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

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and if applicable, the debt service fund. The budgets must be prepared by August 20 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set.

- The required supplementary information for the general fund budget is located in Exhibit G-1 “Budgetary Comparison Schedule – General Fund.
- The required Texas Education Agency (TEA) schedule for the food service fund is located in Exhibit J-2 “Budgetary Comparison Schedule – Child Nutrition Fund and
- The required Texas Education Agency (TEA) schedule for the debt service fund (if applicable) is located in Exhibit J-3 “Budgetary Comparison Schedule-Debt Service Fund”.

Once a budget is approved, it can be amended at the fund and function level only by a majority of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year’s budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

Expenditures Exceeding Appropriation

- The current year expenditures did not exceed appropriations in the general fund as detailed in Exhibit G-1 “Budgetary Comparison Schedule -General Fund”.
- The current year expenditures did not exceed appropriations in the food service fund as detailed in Exhibit J-2 “Budgetary Comparison Schedule -Child Nutrition Fund”.
- The current year expenditures also did not exceed appropriations in any functions in the debt service fund (not applicable for the current year) as detailed in Exhibit J-3 “Budgetary Comparison Schedule -Debt Service Fund”.

**OTHER SUPPLEMENTARY INFORMATION –
COMBINING AND INDIVIDUAL SCHEDULES**

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	270 ESEA V, B,2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ -	\$ 133,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,921	31,411	4,691	10,285	-	-	-	6,921
<u>\$ 60,921</u>	<u>\$ 164,924</u>	<u>\$ 4,691</u>	<u>\$ 10,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,921</u>
\$ -	\$ 34,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	9,756	3,009	-	-	-	-	6,113
60,921	11,592	1,341	10,285	-	-	-	66
-	1,677	341	-	-	-	-	742
-	-	-	-	-	-	-	-
<u>60,921</u>	<u>57,488</u>	<u>4,691</u>	<u>10,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,921</u>
-	107,436	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>107,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 60,921</u>	<u>\$ 164,924</u>	<u>\$ 4,691</u>	<u>\$ 10,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,921</u>

461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 113,928	\$ 276,699
-	222,613
<u>\$ 113,928</u>	<u>\$ 499,312</u>
\$ -	\$ 34,463
-	54,722
-	151,884
-	7,621
-	29,258
<u>-</u>	<u>277,948</u>
-	107,436
113,928	113,928
<u>113,928</u>	<u>221,364</u>
<u>\$ 113,928</u>	<u>\$ 499,312</u>

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	265 Title IV, B Community Learning	270 ESEA V, B,2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ -	\$ 25,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,584	-	-	-	-	-	-
-	574,898	36,701	477,540	17,926	11,213	531,037	135,658
-	603,465	36,701	477,540	17,926	11,213	531,037	135,658
-	-	33,351	288,461	7,926	-	375,245	72,945
-	-	3,350	-	-	-	23,658	-
-	-	-	-	-	11,213	46,309	-
-	-	-	118,313	-	-	6,951	-
-	-	-	-	-	-	6,589	-
-	-	-	-	10,000	-	3,804	62,713
-	-	-	-	-	-	807	-
-	-	-	-	-	-	1,615	-
-	-	-	36,187	-	-	1,480	-
-	552,979	-	2,377	-	-	5,921	-
-	-	-	-	-	-	-	-
-	-	-	6,000	-	-	5,290	-
-	-	-	14,970	-	-	15,071	-
-	-	-	-	-	-	807	-
-	-	-	7,849	-	-	36,683	-
-	-	-	3,383	-	-	807	-
-	-	-	-	-	-	-	-
-	552,979	36,701	477,540	17,926	11,213	531,037	135,658
-	50,486	-	-	-	-	-	-
-	4,335	-	-	-	-	-	-
-	54,821	-	-	-	-	-	-
-	52,615	-	-	-	-	-	-
\$ -	\$ 107,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 47,806	\$ 73,789
-	23,148
-	3,432,287
47,806	3,529,224
-	1,385,451
-	31,966
-	57,974
-	415,954
-	6,589
-	234,219
-	24,422
-	1,615
-	107,667
-	561,277
43,868	43,868
-	57,833
-	96,422
-	807
-	58,058
-	59,733
-	330,945
43,868	3,474,800
3,938	54,424
-	4,335
3,938	58,759
109,990	162,605
\$ 113,928	\$ 221,364

COLEMAN INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2022

	861 Custodial Fund for Tax Collections	865 Custodial Fund Student Activity Acct	876 Century Club Funds	Total Custodial Funds
ASSETS				
Cash and Cash Equivalents	\$ 1	\$ 57,409	\$ -	\$ 57,410
Investments - Current	-	-	4,319	4,319
Total Assets	<u>1</u>	<u>57,409</u>	<u>4,319</u>	<u>61,729</u>
LIABILITIES				
Due to Other Funds	<u>1</u>	-	-	<u>1</u>
Total Liabilities	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
NET POSITION				
Restricted for Campus Activities	-	57,409	4,319	61,728
Total Net Position	<u>\$ -</u>	<u>\$ 57,409</u>	<u>\$ 4,319</u>	<u>\$ 61,728</u>

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

	861 Custodial Fund for Tax Collections	865 Custodial Fund Student Activity Acct	876 Century Club Funds	Total Total Custodial Funds
ADDITIONS:				
Miscellaneous Revenue - Student Activities	\$ -	\$ 122,918	\$ -	\$ 122,918
Earnings from Temporary Deposits	-	-	20	20
Total Additions	<u>-</u>	<u>122,918</u>	<u>20</u>	<u>122,938</u>
DEDUCTIONS:				
Other Deductions	-	131,360	-	131,360
Total Deductions	<u>-</u>	<u>131,360</u>	<u>-</u>	<u>131,360</u>
Change in Net Position	-	(8,442)	20	(8,422)
Net Position - September 1 (Beginning)	<u>-</u>	<u>65,851</u>	<u>4,299</u>	<u>70,150</u>
Net Position - August 31 (Ending)	<u>\$ -</u>	<u>\$ 57,409</u>	<u>\$ 4,319</u>	<u>\$ 61,728</u>

REQUIRED TEA SCHEDULES

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 181,104	\$ -	\$ 3,554	\$ -	\$ (4,021)	\$ 173,529
12,968	-	2,580	-	(212)	10,176
11,823	-	1,564	-	(14)	10,245
9,152	-	1,749	-	(337)	7,066
12,105	-	2,765	-	(328)	9,012
16,080	-	3,508	-	(753)	11,819
20,368	-	5,990	-	(801)	13,577
47,945	-	32,575	-	(1,150)	14,220
71,357	-	39,012	-	(8,441)	23,904
-	2,256,030	2,191,572	-	-	64,458
<u>\$ 382,902</u>	<u>\$ 2,256,030</u>	<u>\$ 2,284,869</u>	<u>\$ -</u>	<u>\$ (16,057)</u>	<u>\$ 338,006</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 16,500	\$ 25,338	\$ 25,983	\$ 645
5800 State Program Revenues	17,357	2,583	2,584	1
5900 Federal Program Revenues	433,300	591,835	574,898	(16,937)
5020 Total Revenues	467,157	619,756	603,465	(16,291)
EXPENDITURES:				
Current:				
0035 Food Services	522,157	634,091	552,979	81,112
6030 Total Expenditures	522,157	634,091	552,979	81,112
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	(14,335)	50,486	64,821
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	55,000	14,335	4,335	(10,000)
1200 Net Change in Fund Balances	-	-	54,821	54,821
0100 Fund Balance - September 1 (Beginning)	52,615	52,615	52,615	-
3000 Fund Balance - August 31 (Ending)	\$ 52,615	\$ 52,615	\$ 107,436	\$ 54,821

COLEMAN INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$688,919
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$446,384
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$8,519
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$5,777
<hr/>		

**REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND
FEDERAL AWARDS**

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

December 15, 2022

Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Coleman Independent School District
Coleman, Texas 76834

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coleman Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Coleman Independent School District's basic financial statements, and have issued our report thereon dated December 15, 2022

Report On Internal Control Over Financial Reporting

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

James E. Rodgers and Company, P.C.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coleman 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,

James E. Rodgers and Company

James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

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December 15, 2022

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

To the Board of Trustees
Coleman Independent School District
Coleman, Texas 76834

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 Coleman 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 Coleman 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 Coleman 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 Coleman Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coleman Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Coleman 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 Coleman 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 Coleman 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.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and therefore are not described in the accompanying schedule of findings and questioned costs, if applicable, as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Coleman Independent School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs (not applicable if no noncompliance findings were identified). Coleman Independent School District's response (if applicable) was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

James E. Rodgers and Company, P.C.

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,



James E. Rodgers and Company, P.C.

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Certified Public Accountants

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

I. Summary of the Auditor's Results:

1.	The type of auditor's report opinion on whether the financial statements of the District were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified	
2.	Internal control over financial reporting during the audit of the financial statements:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
3.	Noncompliance, which is material to the financial statements.		No
4.	Internal Control over major federal programs:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
5.	Type of auditor's report opinion on compliance with major programs.	Unmodified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		No
7.	Identification of programs tested as major programs: <ul style="list-style-type: none"> • Title IV, Part B – 21st Century Community Learning Centers - (Federal Assistance Listing 84.287) • SSA -Title IV, Part B – 21st Century Community Learning Centers - (Federal Assistance Listing 84.287) • Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act – ESSER II and III – (Federal Assistance Listing 84.425) 		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	Yes	

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

**II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with
*Generally Accepted Government Auditing Standards (GAGAS)***

Finding 2022-001:

a.	Condition:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

III. Findings and Questioned Costs Related to the Federal Awards

Finding 2022-002:

a.	Condition:	None Identified
b.	Criteria:	N/A
c.	Cause:	N/A
d.	Effect:	N/A
e.	Recommendation:	N/A
f.	District Response:	N/A

Coleman Independent School District

2302 S. Commercial Avenue

Coleman, Texas 76834

**P.O. Box 900
Coleman, Texas 76834**

**Brandon McDowell
Superintendent of Schools**

**Telephone (325) 625-3575
Fax (325) 625-4751**

STATUS OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2022

Finding 2021-001: The District prior year audit finding is listed below.

Condition:	Expenditures during the prior year exceeded the budgeted amounts in Function 35 of the Child Nutrition Fund.
Criteria:	It is a violation of Texas State Law for expenditures to exceed the budget in any function of the food service fund.
Cause:	Excess expenditures paid from the summer feeding program that exceeded the reimbursement received per federal funding were reclassified to the Child Nutrition Fund.
Effect:	The reclassification of the excess expenditures in the summer feeding program to the Child Nutrition Fund resulted in expenditures in the Child Nutrition Fund that exceeded the FY 2021 budget.
District Response:	The District has instituted procedures to monitor and adjust as necessary excess summer feeding program expenditures to the Child Nutrition Fund and has eliminated the budget shortage during the current year ended August 31, 2022.

Coleman Independent School District

*2302 S. Commercial Avenue
Coleman, Texas 76834*

*P.O. Box 900
Coleman, Texas 76834*

*Brandon McDowell
Superintendent of Schools*

*Telephone (325) 625-3575
Fax (325) 625-4751*

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2022

The name of the contact person responsible for corrective action:

Kristi Greaves, Business Manager

District Phone Number: 325-625-3575.

The corrective action for Finding 2022-001:

The District did not incur a current year finding.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101042901	\$ 309,781
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101042901	26,617
Total Assistance Listing Number 84.010			336,398
*IDEA - Part B, Formula	84.027	22660001200901660	171,474
*IDEA - Part B, Formula	84.027	23660001200901660	9,768
Total Assistance Listing Number 84.027			181,242
*IDEA - Part B, Preschool	84.173	22661001290090166	17,348
*IDEA - Part B, Preschool	84.173	23661001290090166	2,115
Total Assistance Listing Number 84.173			19,463
Total Special Education Cluster (IDEA)			200,705
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	226950267110012	467,255
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	236950267110012	10,285
SSA - 21st Century Community Learning Centers	84.287	206950267110012	33,905
SSA - 21st Century Community Learning Centers	84.287	226950267110012	900,123
SSA - 21st Century Community Learning Centers	84.287	236950267110012	29,228
Total Assistance Listing Number 84.287			1,440,796
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358A	22696001042901	17,965
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501042901	34,653
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501042901	3,350
Total Assistance Listing Number 84.367			38,003
Elementary Secondary School Emergency Relief II	84.425D	52102135	531,037
ESSER III - ARP School Emergency Relief	84.425D	21528001042901	135,658
Texas COVID Learning Supports - State ESSER III	84.425U	21528042042901	11,213
Total Assistance Listing Number 84.425			677,908
ESEA Title IV, Part A	84.424A	22680101042901	55,806
ESEA Title IV, Part A	84.424A	23680101042901	2,208
Total Assistance Listing Number 84.424			58,014
Total Passed Through Texas Education Agency			2,769,789
TOTAL U.S. DEPARTMENT OF EDUCATION			2,769,789
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Education Agency</u>			
Head Start	93.600	2206CH715201	105,999
Head Start	93.600	2306CH715201	20,466
Total Assistance Listing Number 93.600			126,465
Total Passed Through Texas Education Agency			126,465
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			126,465

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	173,321
*National School Lunch Program - Cash Assistance	10.555	71302201	348,079
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302201	27,706
Total Assistance Listing Number 10.555			375,785
*Summer Feeding Program - Cash Assistance	10.559	71302201	25,792
Total Child Nutrition Cluster			574,898
Total Passed Through the Texas Department of Agriculture			574,898
TOTAL U.S. DEPARTMENT OF AGRICULTURE			574,898
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,471,152

*Clustered Programs

Non-Grant federal program revenue for the current yer included SHARS' receipts of \$5,501, E-Rate of \$0, & ACE Transportation received as a Vendor of \$35,000. The District did make payments to sub-recipients during the current year of \$330,945 from the 21st Century Community Learning Centers Grant.

**COLEMAN INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2022**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Compliance Statement.

6. Indirect Costs

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

7. Reconciliation of Federal Awards

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	<u>\$ 3,511,653</u>
ACE Transportation and School Health & Related Services (SHARS) Reimbursement not reported to the SEFA	<u>\$ (40,501)</u>
Total federal expenditures on Exhibit K-1	<u>\$ 3,471,152</u>

8. The District did make payments to subrecipients during the current year of \$330,945 from the 21st Century Learning Grant.

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

Coleman Independent School District

Fiscal Year 2022

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?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	0