

**WOODSBORO
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2022



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

Introductory Section

Woodsboro Independent School District
Annual Financial Report
For The Year Ended August 31, 2022

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CERTIFICATE OF BOARD

Woodsboro Independent School District
Name of School District

Refugio
County

196902
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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

Financial Section



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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Independent Auditor's Report

To the Board of Trustees
Woodsboro Independent School District
P.O. Drawer 770
Woodsboro, Texas 78393

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Woodsboro 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 Woodsboro Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note A to the financial statements, in 2022, Woodsboro Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Woodsboro Independent School District's 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 Woodsboro Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information Included in the Annual Report

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

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023 on our consideration of Woodsboro 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 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 Woodsboro Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
January 10, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Woodsboro Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

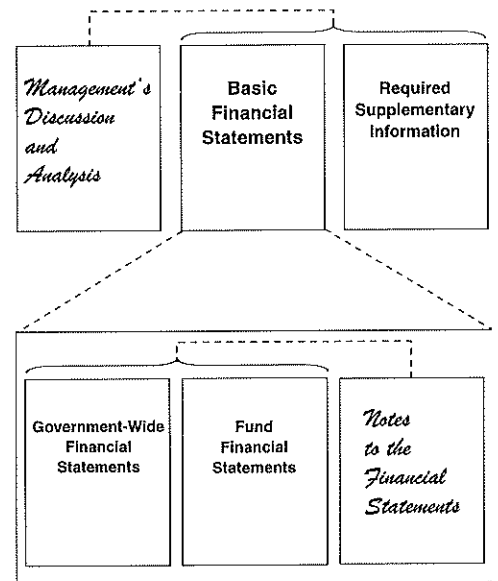
- The District's total combined net position was \$13,100,579 at August 31, 2022.
- During the year, the District's expenses were \$813,072 less than the \$9,465,042 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$4,385,944.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

Figure A-1F, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has 3 kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

Figure A-2 Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities—such as the District's Self Insurance Fund.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Table A-1
The District's Net Position

	Governmental Activities		Total Change
	2022	2021	2022-2021
Current Assets:			
Cash and cash equivalents	\$ 2,109,379	\$ 2,068,864	\$ 40,515
Current Investments	4,214,284	5,095,492	(881,208)
Property Taxes Receivable (Net)	120,010	108,879	11,131
Due from other governments	351,292	262,092	89,200
Other receivables	19,418	7,167	12,251
Total Current Assets	6,814,383	7,542,494	(728,111)
Noncurrent assets:			
Capital Assets	20,363,959	20,927,081	(563,122)
Total Assets	27,178,342	28,469,575	(1,291,233)
Deferred Outflows Related to Pensions and OPEB	1,215,733	1,060,707	155,026
Current Liabilities:			
Accounts payable and accrued liabilities	1,079,544	1,099,879	(20,335)
Unearned Revenue	488,998	276,856	212,142
Total Current Liabilities	1,568,542	1,376,735	191,807
Long-term Liabilities:			
Due within one year	575,000	555,000	20,000
Due in more than one year	7,349,099	9,315,478	(1,966,379)
Net Pension Liability	638,191	1,231,176	(592,985)
Net OPEB Liability	1,941,593	1,829,580	112,013
Total Liabilities	12,072,425	14,307,969	(2,235,544)
Deferred Inflows Related to Pensions	3,221,071	2,934,806	286,265
Net Assets:			
Invested in capital assets	12,728,959	11,160,702	1,568,257
Restricted	217,222	323,663	(106,441)
Unrestricted (Deficit)	154,398	803,142	(648,744)
Total Net Position	\$ 13,100,579	\$ 12,287,507	\$ 813,072

The District's combined net position was approximately \$13,100,579 at August 31, 2022. Investment in capital assets (e.g. land, buildings, furniture, and equipment, less any related debt used to acquire those assets that is still outstanding) is \$12,728,959. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

A small portion of the District's net position, \$217,222 represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a balance of \$154,398 See Table A-1).

Unrestricted net position reflects a balance of \$154,398 resulting from the implementation of GASB 75 for the OPEB liability. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations.

Changes in net position. The District's total revenues were \$9,465,042. A significant portion, 38%, of the District's revenue comes from taxes. 30% comes from State Aid - Formula, while only .22% relates to charges for services.

The total cost of all programs and services was \$8,651,970; 51.24% of these costs are for instruction, instructional resources and media services, curriculum development, counseling, and health services.

Table A-2
Changes in Woodsboro Independent School District
Statement of Activities
(in actual dollars)

	Governmental Activities		Total Change
	2022	2021	2022-2021
Program Revenues:			
Charges for Services	\$ 20,465	\$ 29,222	\$ (8,757)
Operating Grants and Contributions	1,890,624	1,658,719	231,905
General Revenues			
Property Taxes	3,619,692	4,182,765	(563,073)
State Aid – Formula	2,868,790	2,415,255	453,535
Investment Earnings	29,262	15,617	13,645
Other	1,036,209	2,591,427	(1,555,218)
Total Revenues	<u>9,465,042</u>	<u>10,893,005</u>	<u>(1,427,963)</u>
Instruction	4,076,086	3,865,112	210,974
Instructional Resources and Media Services	61,877	32,011	29,866
Curriculum Dev. And Instructional Staff Dev.	6,204	2,376	3,828
School Leadership	395,587	386,606	8,981
Guidance, Counseling and Evaluation Services	232,127	189,366	42,761
Health Services	63,191	71,082	(7,891)
Student (Pupil) Transportation	158,816	117,488	41,328
Food Services	231,582	257,680	(26,098)
Curricular/Extracurricular Activities	469,347	418,540	50,807
General Administration	669,497	803,057	(133,560)
Plant Maintenance & Oper.	1,759,330	1,251,360	507,970
Security and Monitoring Services	3,431	17,242	(13,811)
Data Processing Services	47,794	343	47,451
Debt Service	328,334	344,683	(16,349)
Bond Issuance Costs and Fees	10,469	1,486	8,983
Capital Outlay	6,072	72,362	(66,290)
Shared Service Arrangements	-	-	0
Other Intergovernmental Charges	132,226	110,954	21,272
Total Expenses	<u>8,651,970</u>	<u>7,941,748</u>	<u>(710,222)</u>
Prior Period Adjustment & Special Item	-	16,147	(16,147)
Change in Net Positon	813,072	2,967,404	(2,154,332)
Net Position Beginning	12,287,507	9,320,103	2,967,404
Net Position Ending	<u>\$ 13,100,579</u>	<u>\$ 12,287,507</u>	<u>\$ 813,072</u>

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Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Governmental Activities

- The property tax rates increased to \$1.23 of which \$.98 was for maintenance and \$0.25 was for debt service. Property values increased to \$471,192,970 which produced a tax levy of \$5,571,426.
- Revenues from investments increased during the year by \$13,645.

- Property tax revenue for maintenance & operations was based on a tax rate of \$.98 for 2022. The I&S Tax rate was \$.25.
- State aid increased in 2021 and increased again in 2022 with the passage of House Bill 3. The M&O tax rate of \$.98 did not change and the I&S rate increased to \$.25 as of August 31, 2022.
- The District continues to repair damages caused by Hurricane Harvey and additional expenses for aging infrastructure. Consequently, capital expenditures continue to increase for the 2022-23 fiscal year
- For the 2022-23 school year, student enrollment stabilized.
- Personnel cost will continue to increase as the district increased their pay scale to compete with surrounding districts.
- The district will continue to be conservative in their spending and maximize every dollar.
- The cost of all *governmental* activities this year was \$8,651,970.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$3,619,692.
- Some of the cost was paid by those who directly benefited from the programs \$20,465, or By grants and contributions \$1,890,624.

Table A-3
Net Cost of Selected District Functions
(in actual dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2022	2021		2022	2021	
Instruction	\$ 4,076,086	\$ 3,865,112	5.18%	\$ 3,030,101	\$ 3,364,774	-11.04%
General Administration	669,497	803,057	-19.95%	587,138	112,877	80.78%
Plant Maintenance & Operations	1,759,330	1,251,360	28.87%	1,462,837	1,106,952	24.33%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

1. Revenues from governmental fund types totaled \$9,821,275 a decrease of 8% over the preceding year (\$10,718,345). The homestead exemption act will reduce funding which will be a significant loss to Woodsboro ISD. The M&O rate of \$1.23 will be compressed to \$.98 and the I&S rate is \$.25 for 2021-22. The district will continue to be conservative in their spending and maximize every dollar.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$275,562 less than budgeted expenditures. State program revenues were \$85,345 more than projected and local and intermediate revenues were \$109,113 more than projected. Fund Balance decreased by \$422,331.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$20,363,959 net of depreciation in a broad range of capital assets, including land, construction in progress, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
District's Capital Assets
(in actual dollars)

	Governmental Activities			2022
	2021	Additions	Deletions	
Land	\$ 648,483	\$ -	\$ -	\$ 648,483
Construction in Progress	211,379	102,047	313,426	-
Buildings and improvements	27,009,042	408,670		27,417,712
Vehicles and Equipment	2,190,041	40,658	32,795	2,197,904
Totals at historical cost	<u>30,058,945</u>	<u>551,375</u>	<u>346,221</u>	<u>30,264,099</u>
Total accumulated depreciation	<u>9,131,864</u>	<u>793,146</u>	<u>24,870</u>	<u>9,900,140</u>
Net capital assets	<u>\$ 20,927,081</u>	<u>\$ (241,771)</u>	<u>\$ 321,351</u>	<u>\$ 20,363,959</u>

Long Term Debt

At year-end, the District had \$7,924,099 in long term bond related debt as shown in Table A-5. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

Table A-5
Woodsboro Independent School District's Long Term Debt

	Governmental Activities		Total Percentage Change 2022-21
	2022	2021	
Bonds payable	\$ 7,635,000	\$ 9,555,000	-20.1%
Bond Premium	289,099	315,479	-8.4%
Total bonds & leases payable	<u>\$ 7,924,099</u>	<u>\$ 9,870,479</u>	-19.7%
Net Pension Liability	<u>\$ 638,191</u>	<u>\$ 1,231,176</u>	-48.2%
Net OPEB Liability	<u>\$ 1,941,593</u>	<u>\$ 1,829,580</u>	6.1%

Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Other Post-Employment Benefit Plans (OPEB)

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of \$5,530,014 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. 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 Benefits (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance unaffected by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's ADA has stabilized in the 2022-23 school year.
- The District has sought and will continue to seek funding from other sources.
- The District will consider cuts in state funding during budget preparations if necessary.
- The District's tax rate for 2022-23 decreased by .04 cents from the previous fiscal year, property values for the district have increased.
- The district is expected to receive additional revenue from the Cranell Wind Farm project
- Additional federal funding through ESSER 2 & 3 Grants and additional grants will contribute significant funds to the 2022-23 fiscal year.

The District has added no major new programs or initiatives to the 2022 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 2,109,379
1120	Current Investments	4,214,284
1225	Property Taxes Receivable (Net)	120,010
1240	Due from Other Governments	351,292
1260	Internal Balances	15,675
1290	Other Receivables (Net)	3,743
Capital Assets:		
1510	Land	648,484
1520	Buildings and Improvements, Net	18,810,861
1530	Furniture and Equipment, Net	904,614
1000	Total Assets	<u>27,178,342</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Pensions	518,035
	Deferred Outflow Related to OPEB	697,698
1700	Total Deferred Outflows of Resources	<u>1,215,733</u>
LIABILITIES:		
2110	Accounts Payable	75,211
2165	Accrued Liabilities	240,036
2177	Due to Fiduciary	15,673
2180	Due to Other Governments	748,624
2300	Unearned Revenue	488,998
Noncurrent Liabilities:		
2501	Due Within One Year	575,000
2502	Due in More Than One Year	7,349,099
2540	Net Pension Liability	638,191
2545	Net OPEB Liability	1,941,593
2000	Total Liabilities	<u>12,072,425</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	830,584
	Deferred Inflow Related to OPEB	2,390,487
2600	Total Deferred Inflows of Resources	<u>3,221,071</u>
NET POSITION:		
3200	Net Investment in Capital Assets	12,728,959
Restricted For:		
3820	State and Federal Programs	88,547
3850	Debt Service	106,893
3870	Campus Activity	21,782
3900	Unrestricted	154,398
3000	Total Net Position	<u>\$ 13,100,579</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 4,076,086	\$ 1,200	\$ 1,044,785	\$ (3,030,101)	
12	Instructional Resources and Media Services	61,877	--	45,214	(16,663)	
13	Curriculum and Staff Development	6,204	--	451	(5,753)	
23	School Leadership	395,587	--	41,401	(354,186)	
31	Guidance, Counseling, and Evaluation Services	232,127	--	22,976	(209,151)	
33	Health Services	63,191	--	43,456	(19,735)	
34	Student Transportation	158,816	--	7,471	(151,345)	
35	Food Service	231,582	2,584	260,013	31,015	
36	Cocurricular/Extracurricular Activities	469,347	16,681	33,344	(419,322)	
41	General Administration	669,497	--	82,359	(587,138)	
51	Facilities Maintenance and Operations	1,759,330	--	296,493	(1,462,837)	
52	Security and Monitoring Services	3,431	--	251	(3,180)	
53	Data Processing Services	47,794	--	7,915	(39,879)	
72	Interest on Long-term Debt	328,334	--	4,495	(323,839)	
73	Bond Issuance Costs and Fees	10,469	--	--	(10,469)	
81	Capital Outlay	6,072	--	--	(6,072)	
99	Other Intergovernmental Charges	132,226	--	--	(132,226)	
TG	Total Governmental Activities	8,651,970	20,465	1,890,624	(6,740,881)	
TP	Total Primary Government	\$ 8,651,970	\$ 20,465	\$ 1,890,624	(6,740,881)	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				2,461,068	
DT	Property Taxes, Levied for Debt Service				1,158,624	
IE	Investment Earnings				29,262	
GC	Grants and Contributions Not Restricted to Specific Programs				2,868,790	
MI	Miscellaneous				1,036,209	
TR	Total General Revenues				7,553,953	
CN	Change in Net Position				813,072	
NB	Net Position - Beginning				12,287,507	
NE	Net Position - Ending				\$ 13,100,579	

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10	Other Federal Funds for Harvey
	General Fund	
ASSETS:		
1110	\$ 1,471,097	\$ 177,176
1120	4,128,207	--
1225	107,170	--
1240	183,332	--
1260	248,471	752,129
1290	5,769	--
1000	<u>6,144,046</u>	<u>929,305</u>
LIABILITIES:		
Current Liabilities:		
2110	\$ 25,697	\$ --
2150	660	--
2160	239,376	--
2170	920,231	41,677
2180	--	748,624
2300	464,967	2,298
2000	<u>1,650,931</u>	<u>792,599</u>
DEFERRED INFLOWS OF RESOURCES:		
	107,171	--
2600	<u>107,171</u>	<u>--</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450	--	--
3480	--	--
3490	--	--
Committed Fund Balances:		
3510	900,000	--
3530	112,000	--
3600	3,373,944	136,706
3000	<u>4,385,944</u>	<u>136,706</u>
4000	<u>\$ 6,144,046</u>	<u>\$ 929,305</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 450,496	\$ 2,098,769
86,077	---	4,214,284
12,840	--	120,010
--	167,960	351,292
18,492	138,736	1,157,828
2,324	--	8,093
<u>119,733</u>	<u>757,192</u>	<u>7,950,276</u>
\$ --	\$ 34,789	\$ 60,486
--	--	660
--	--	239,376
--	210,941	1,172,849
--	--	748,624
--	21,733	488,998
<u>--</u>	<u>267,463</u>	<u>2,710,993</u>
<u>12,840</u>	<u>--</u>	<u>120,011</u>
<u>12,840</u>	<u>--</u>	<u>120,011</u>
--	88,547	88,547
106,893	--	106,893
--	401,182	401,182
--	--	900,000
--	--	112,000
--	--	3,510,650
<u>106,893</u>	<u>489,729</u>	<u>5,119,272</u>
<u>\$ 119,733</u>	<u>\$ 757,192</u>	<u>\$ 7,950,276</u>

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

Total fund balances - governmental funds balance sheet	\$ 5,119,272
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	20,363,958
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	115,659
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	10,909
Payables for bond principal which are not due in the current period are not reported in the funds.	(7,635,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(289,099)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(638,191)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(830,584)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	518,035
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,941,593)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(2,390,487)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	697,698
Rounding difference	<u>2</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 13,100,579</u>

The accompanying notes are an integral part of this statement.

WOODSBORO 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 Federal Funds for Harvey
REVENUES:		
5700 Local and Intermediate Sources	\$ 3,517,776	\$ --
5800 State Program Revenues	3,507,292	--
5900 Federal Program Revenues	217,998	380,000
5020 Total Revenues	<u>7,243,066</u>	<u>380,000</u>
EXPENDITURES:		
Current:		
0011 Instruction	3,453,357	350,534
0012 Instructional Resources and Media Services	20,845	--
0013 Curriculum and Staff Development	5,641	--
0023 School Leadership	407,654	--
0031 Guidance, Counseling, and Evaluation Services	245,824	--
0033 Health Services	35,993	--
0034 Student Transportation	98,721	--
0035 Food Service	2,574	--
0036 Cocurricular/Extracurricular Activities	451,647	--
0041 General Administration	619,460	5,842
0051 Facilities Maintenance and Operations	1,149,894	23,624
0052 Security and Monitoring Services	3,120	--
0053 Data Processing Services	38,441	--
0071 Principal on Long-term Debt	--	--
0072 Interest on Long-term Debt	--	--
0073 Bond Issuance Costs and Fees	--	--
0081 Capital Outlay	--	--
0099 Other Intergovernmental Charges	132,226	--
6030 Total Expenditures	<u>6,665,397</u>	<u>380,000</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>577,669</u>	<u>--</u>
Other Financing Sources and (Uses):		
7915 Transfers In	--	--
8911 Transfers Out	(1,000,000)	--
8949 Other Uses	--	--
7080 Total Other Financing Sources and (Uses)	<u>(1,000,000)</u>	<u>--</u>
1200 Net Change in Fund Balances	(422,331)	--
0100 Fund Balances - Beginning	4,808,275	136,706
3000 Fund Balances - Ending	<u>\$ 4,385,944</u>	<u>\$ 136,706</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,163,407	\$ 25,590	\$ 4,706,773
4,495	1,579	3,513,366
--	1,003,138	1,601,136
<u>1,167,902</u>	<u>1,030,307</u>	<u>9,821,275</u>
--	431,438	4,235,329
--	43,663	64,508
--	--	5,641
--	10,564	418,218
--	4,361	250,185
--	29,501	65,494
--	--	98,721
--	223,299	225,873
--	17,892	469,539
--	28,211	653,513
--	490,346	1,663,864
--	--	3,120
--	5,017	43,458
555,000	--	555,000
330,825	--	330,825
10,469	--	10,469
--	126,374	126,374
--	--	132,226
<u>896,294</u>	<u>1,410,666</u>	<u>9,352,357</u>
<u>271,608</u>	<u>(380,359)</u>	<u>468,918</u>
1,000,000	--	1,000,000
--	--	(1,000,000)
(1,388,888)	--	(1,388,888)
<u>(388,888)</u>	<u>--</u>	<u>(1,388,888)</u>
(117,280)	(380,359)	(919,970)
224,173	870,088	6,039,242
<u>\$ 106,893</u>	<u>\$ 489,729</u>	<u>\$ 5,119,272</u>

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

Net change in fund balances - total governmental funds	\$ (919,970)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	237,949
The depreciation of capital assets used in governmental activities is not reported in the funds.	(793,146)
The gain or loss on the sale of capital assets is not reported in the funds.	(7,925)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,780
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,920,000
The net revenue (expense) of internal service funds is reported with governmental activities.	(6,729)
Bond premiums are reported in the funds but not in the SOA.	26,379
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	74,732
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>275,001</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 813,072</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 INTERNAL SERVICE FUND
 AUGUST 31, 2022

Data Control Codes		Nonmajor Internal Service Fund
<u>Codes</u>		<u>Insurance Fund</u>
	ASSETS:	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 10,611
	Receivables:	
1260	Due from Other Funds	15,023
	Total Current Assets	<u>25,634</u>
1000	Total Assets	<u>25,634</u>
	LIABILITIES:	
	Current Liabilities:	
2110	Accounts Payable	\$ 14,725
	Total Current Liabilities	<u>14,725</u>
2000	Total Liabilities	<u>14,725</u>
	NET POSITION:	
3900	Unrestricted	10,909
3000	Total Net Position	<u>\$ 10,909</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 16,709
5020	Total Revenues	<u>16,709</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	<u>23,438</u>
6030	Total Expenses	<u>23,438</u>
1300	Change in Net Position	(6,729)
0100	Total Net Position - Beginning	17,638
3300	Total Net Position - Ending	<u>\$ 10,909</u>

The accompanying notes are an integral part of this statement.

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

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	16,709
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	(21,033)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>(4,324)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,324)
Cash and Cash Equivalents at Beginning of Year	14,935
Cash and Cash Equivalents at End of Year	<u>\$ 10,611</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (6,729)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	2,405
Increase (Decrease) in Accrued Expenses	--
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	<u>2,405</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,324)</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes		<u>Custodial Fund</u>
		<u>Student Activity</u>
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 129,446
1000	Total Assets	<u>129,446</u>
	LIABILITIES:	
2000	Total Liabilities	<u>--</u>
	NET POSITION:	
3800	Restricted for Other Purposes	\$ 129,446
3000	Total Net Position	<u>\$ 129,446</u>

The accompanying notes are an integral part of this statement.

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

	<u>Custodial Funds</u>
ADDITIONS:	
Investment Income	\$ --
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Contributions from Foundations, Gifts and Bequests	--
Student Group Fundraising Activities	164,290
Total Additions	<u>164,290</u>
DEDUCTIONS:	
Benefits	--
Refunds of Contributions	--
Other Operating Expenses	136,673
Total Deductions	<u>136,673</u>
Change in Fiduciary Net Position	27,617
Net Position-Beginning of the Year	101,829
Prior Period Adjustment	--
Net Position-End of the Year	<u>\$ 129,446</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

Other Federal Funds for Harvey: This fund is a grant to be used by the District to repair and replace District property destroyed by Hurricane Harvey.

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

Debt Service Fund: This fund accumulates funds to pay off the District's bonded indebtedness.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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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 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

	General Fund	Debt Service Fund	Total
Property Taxes Receivable	\$ 323,593	\$ 38,769	\$ 362,362
Allowance for Doubtful Accounts	(216,423)	(25,929)	(242,352)
Property Taxes Receivable, Net	\$ 107,170	\$ 12,840	\$ 120,010

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

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

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

d. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15

e. Deferred Outflows and Inflows of Resources

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

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

f. Receivable and Payable Balances

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

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

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

4. Pensions

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

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NOTES TO THE FINANCIAL STATEMENTS
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5. Other Post-Employment Benefits

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

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 87, *Leases*

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation - Excess Expenditures Over Budget:

General Fund:

35 Food Service	2,574
8911 Transfers Out	\$ 1,000,000

Debt Service Fund

8949 Other Uses	1,388,888
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2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

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C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,238,826 and the bank balance was \$2,329,233. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>	
Lone Star Investment Pool	N/A	\$ 1,465,784	AAAm
Money Market Funds	N/A	2,748,500	N/A
Total Investments		<u>\$ 4,214,284</u>	

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

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

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D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 648,483	\$ --	\$ --	\$ 648,483
Construction in progress	211,379	102,048	313,427	--
Total capital assets not being depreciated	<u>859,862</u>	<u>102,048</u>	<u>313,427</u>	<u>648,483</u>
Capital assets being depreciated:				
Buildings and improvements	27,009,043	408,669	--	27,417,712
Equipment	1,085,960	33,295	--	1,119,255
Vehicles	1,104,081	7,363	32,795	1,078,649
Right-to-Use Asset	--	--	--	--
Total capital assets being depreciated	<u>29,199,084</u>	<u>449,327</u>	<u>32,795</u>	<u>29,615,616</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,951,378)	(655,473)	--	(8,606,851)
Equipment	(464,714)	(71,783)	--	(536,497)
Vehicles	(715,772)	(65,890)	(24,870)	(756,792)
Right-to-Use Asset	--	--	--	--
Total accumulated depreciation	<u>(9,131,864)</u>	<u>(793,146)</u>	<u>(24,870)</u>	<u>(9,900,140)</u>
Total capital assets being depreciated, net	<u>20,067,220</u>	<u>(343,819)</u>	<u>7,925</u>	<u>19,715,476</u>
Governmental activities capital assets, net	<u>\$ 20,927,082</u>	<u>\$ (241,771)</u>	<u>\$ 321,352</u>	<u>\$ 20,363,959</u>

Depreciation was charged to functions as follows:

Instruction	\$ 369,802
Instructional Resources and Media Services	5,614
Curriculum and Staff Development	563
School Leadership	35,890
Guidance, Counseling, & Evaluation Services	21,060
Health Services	5,733
Student Transportation	65,890
Food Services	21,010
Extracurricular Activities	42,582
General Administration	60,740
Plant Maintenance and Operations	159,615
Security and Monitoring Services	311
Data Processing Services	4,336
	<u>\$ 793,146</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

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

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Due To Fund	Due From Fund	Amount	Purpose
General Fund	General Fund (Payroll)	\$ 67,284	Short-term loans
General Fund	Other Governmental Funds	139,509	Short-term loans
General Fund	Harvey	41,678	Short-term loans
Harvey	General Fund	752,129	Short-term loans
Debt Service Fund	General Fund	18,492	Short-term loans
Other Governmental Funds	General Fund	138,736	Short-term loans
Internal Service fund	General fund	15,022	
	Other Balances	--	
	Total	<u>\$ 1,172,850</u>	

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To	Amount	Reason
General fund	Debt service fund	\$ 1,000,000	Supplement other funds sources
	Total	<u>\$ 1,000,000</u>	

F. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Unlimited Tax Refunding					
Bonds Series 2013, 2.00%	\$ 3,485,000	\$	\$ 1,665,000	\$ 1,820,000	\$ 310,000
Unlimited Tax School Building					
Bonds Series 2014, 2%-4.75%	4,275,000		120,000	4,155,000	125,000
Unlimited Tax Refunding					
Bonds Series 2016, 3%-4.00%	1,795,000		135,000	1,660,000	140,000
TOTAL BONDS	<u>\$ 9,555,000</u>	<u>\$ --</u>	<u>\$ 1,920,000</u>	<u>7,635,000</u>	<u>\$ 575,000</u>
Bond Premium	<u>\$ 315,478</u>	<u>\$</u>	<u>\$ 26,379</u>	289,099	
Due Within One Year				<u>(575,000)</u>	
Due in More Than One Year				<u>\$ 7,349,099</u>	
Net Pension Liability	<u>\$ 1,231,176</u>	<u>\$</u>	<u>\$ 592,985</u>	<u>\$ 638,191</u>	
Net OPEB	<u>\$ 1,829,580</u>	<u>\$ 112,013</u>	<u>\$</u>	<u>\$ 1,941,593</u>	

WOODSBORO INDEPENDENT SCHOOL DISTRICT
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* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Claims and judgments	Governmental	General
Net Pension Liability *	Governmental	General

* Other long-term liabilities

2. Debt Service Requirements

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

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>	
	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 575,000	290,288
2024	600,000	273,038
2025	615,000	254,387
2026	635,000	235,263
2027	660,000	212,262
2028-2032	1,870,000	792,400
2033-2037	955,000	519,550
2038-2042	1,175,000	299,488
2043-2047	550,000	39,425
2048-2052		
Totals	<u>\$ 7,635,000</u>	<u>\$ 2,916,101</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2022, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

<u>Bond Issue</u>	<u>Amount</u>
Series 2006	\$ 3,255,000
Series 2007	1,785,000
Series 2013	\$ 1,365,000
	<u>6,405,000</u>

G. Risk Management

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

H. Pension Plan

WOODSBORO INDEPENDENT SCHOOL DISTRICT
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1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

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

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

4. Contributions

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

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
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	<u>Contribution Rates</u>	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
District's 2022 Employer Contributions	\$	150,516
District's 2022 Member Contributions	\$	307,311
2021 NECE On-Behalf Contributions (State)	\$	233,247

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 or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% *
Last year ending August 31 in Projection Period	2120
Inflation	2.30%

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

Salary Increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

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

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

6. Discount Rate

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

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

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

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
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 and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%

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

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	<u>100.0%</u>		<u>6.90%</u>
* Absolute Return includes Credit Sensitive Investments.			
** Target allocations are based on the FY2021 policy model.			
*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

7. Discount Rate Sensitivity Analysis

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

	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:	\$ 1,394,549	\$ 638,191	\$ 24,555

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

At August 31, 2022, the District reported a liability of \$638,191 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	\$ 638,191
State's proportionate share that is associated with District	<u>1,391,919</u>
Total	<u>\$ 2,030,110</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 District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0025060071 percent which was an increase (decrease) of 0.00000000 percent from its proportion measured as of August 31, 2020.

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

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$5,565 and revenue of \$5,565 for support provided by the State.

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 Experience	\$ 1,068	\$ 44,929
Changes in Actuarial Assumptions	225,588	98,337
Difference Between Projected and Actual Investment Earnings	--	535,115
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	140,863	152,203
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	150,516	--
Total	\$ 518,035	\$ 830,584

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

Year ended August 31,	Pension Expense Amount
2023	\$ (99,647)
2024	\$ (101,639)
2025	\$ (137,783)
2026	\$ (142,648)
2027	\$ 15,148
Thereafter	\$ 3,504

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

4. Contributions

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

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

Contribution Rates	
	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

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

District's 2022 Employer Contributions	\$	68,438
District's 2022 Member Contributions	\$	307,311
2021 NECE On-Behalf Contributions (state)	\$	52,683

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB Program*). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

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

5. Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.

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

Ad hoc post-employment benefit changes	None
--	------

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

6. Discount Rate

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 2,342,009	\$ 1,941,593	\$ 1,626,453

8. 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 \$69,027 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	\$ 1,941,593
State's proportionate share that is associated with the District	\$ 2,601,302
Total	<u>\$ 4,542,895</u>

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

At August 31, 2022 the District's proportion of the collective net OPEB liability was 0.0050333634, compared ERR

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

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 1,572,626	\$ 1,941,593	\$ 2,436,655

9. Changes Since the Prior Actuarial Valuation

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$(96,008).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 83,595	\$ 939,867
Changes in actuarial assumptions	215,054	410,611
Difference between projected and actual investment earnings	2,108	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	328,503	1,040,009
Contributions paid to TRS subsequent to the measurement date	68,438	
Total	\$ 697,698	\$ 2,390,487

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

Year ended August 31:	OPEB Expense Amount
2023	\$ (357,113)
2024	\$ (357,160)
2025	\$ (357,147)
2026	\$ (306,040)
2027	\$ (236,849)
Thereafter	\$ (146,918)

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

For the year ended August 31, 2022, the District recognized OPEB expense of \$(96,008) and revenue of \$(96,008) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$15,723.

J. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

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

K. Commitments and Contingencies

1. Contingencies

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

L. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 10, 2023 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

M. M. Chapter 313

On August 1, 2019 the District approved property tax abatement agreements with Cranell Wind Farm, LLC. for a Limitation On Appraised Value of Property for School District Maintenance and Operation Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e. the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Cranell Wind Farm, LLC qualified for a tax limitation agreement under Texas Tax Code 313.024 (b)(5), as a renewable energy electric generation project.

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

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The projects) under the Chapter 313 agreement must be consistent with the state's goals to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Cranell Wind Farm, LLC have been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website:<https://www.comptroller.texas.gov/economy/local/ch313-docs.php>. The agreement and all supporting documentation were assigned Texas Comptroller Application No. 101.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Cranell Wind Farm, LLC terminates this Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest.

Project: Cranell Wind Farm, LLC (Application #101)
 First Year Value Limitation: 2020

Fiscal Year	Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payment to School District	Company Supplemental Payment to School District	Net Benefit (Loss) to the School District
2022	240M	\$25 M	\$ 245,000	\$ 2,109,479	\$ 913,395	\$ 50,000	963,395

Required Supplementary Information

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,394,663	\$ 3,408,663	\$ 3,517,776	\$ 109,113
5800	State Program Revenues	3,421,947	3,421,947	3,507,292	85,345
5900	Federal Program Revenues	152,500	152,500	217,998	65,498
5020	Total Revenues	<u>6,969,110</u>	<u>6,983,110</u>	<u>7,243,066</u>	<u>259,956</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,491,771	3,536,571	3,453,357	83,214
0012	Instructional Resources and Media Services	22,428	22,428	20,845	1,583
0013	Curriculum and Staff Development	6,250	6,250	5,641	609
	Total Instruction and Instr. Related Services	<u>3,520,449</u>	<u>3,565,249</u>	<u>3,479,843</u>	<u>85,406</u>
Instructional and School Leadership:					
0023	School Leadership	403,244	408,244	407,654	590
	Total Instructional and School Leadership	<u>403,244</u>	<u>408,244</u>	<u>407,654</u>	<u>590</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	269,027	265,027	245,824	19,203
0033	Health Services	66,219	36,219	35,993	226
0034	Student (Pupil) Transportation	88,150	102,150	98,721	3,429
0035	Food Services	--	--	2,574	(2,574)
0036	Cocurricular/Extracurricular Activities	455,518	467,956	451,647	16,309
	Total Support Services - Student (Pupil)	<u>878,914</u>	<u>871,352</u>	<u>834,759</u>	<u>36,593</u>
Administrative Support Services:					
0041	General Administration	659,899	659,899	619,460	40,439
	Total Administrative Support Services	<u>659,899</u>	<u>659,899</u>	<u>619,460</u>	<u>40,439</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,199,119	1,207,319	1,149,894	57,425
0052	Security and Monitoring Services	5,000	5,500	3,120	2,380
0053	Data Processing Services	62,495	62,495	38,441	24,054
	Total Support Services - Nonstudent Based	<u>1,266,614</u>	<u>1,275,314</u>	<u>1,191,455</u>	<u>83,859</u>
Debt Service:					
0071	Principal on Long-Term Debt	18,400	23,900	--	23,900
	Total Debt Service	<u>18,400</u>	<u>23,900</u>	<u>--</u>	<u>23,900</u>
Capital Outlay:					
0081	Capital Outlay	15,000	--	--	--
	Total Capital Outlay	<u>15,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
0099	Other Intergovernmental Charges	125,000	137,000	132,226	4,774
	Total Intergovernmental Charges	<u>125,000</u>	<u>137,000</u>	<u>132,226</u>	<u>4,774</u>
6030	Total Expenditures	<u>6,887,520</u>	<u>6,940,959</u>	<u>6,665,397</u>	<u>275,562</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>81,590</u>	<u>42,151</u>	<u>577,669</u>	<u>535,518</u>
Other Financing Sources (Uses):					

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT G-1
 Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget
		Budgeted Amounts		Actual	Positive (Negative)
		Original	Final		
8911	Transfers Out	--	--	(1,000,000)	(1,000,000)
7080	Total Other Financing Sources and (Uses)	--	--	(1,000,000)	(1,000,000)
1200	Net Change in Fund Balance	81,590	42,151	(422,331)	(464,482)
0100	Fund Balance - Beginning	4,808,275	4,808,275	4,808,275	--
3000	Fund Balance - Ending	<u>\$ 4,889,865</u>	<u>\$ 4,850,426</u>	<u>\$ 4,385,944</u>	<u>\$ (464,482)</u>

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

	Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0025060071%	0.0022987730%	0.0021005562%	0.0026117723%	0.0029138806%	0.0029963618%	0.0032479000%	0.0010636000%
District's proportionate share of the net pension liability (asset)	\$ 638,191	\$ 1,231,176	\$ 1,091,935	\$ 1,437,583	\$ 931,702	\$ 1,132,281	\$ 1,157,634	\$ 284,102
State's proportionate share of the net pension liability (asset) associated with the District	1,391,919	2,777,630	2,475,472	2,969,034	1,930,781	2,333,989	2,407,201	1,964,023
Total	\$ 2,030,110	\$ 4,008,806	\$ 3,567,407	\$ 4,406,617	\$ 2,862,483	\$ 3,466,270	\$ 3,564,835	\$ 2,248,125
District's covered-employee payroll	\$ 3,646,697	\$ 3,220,828	\$ 2,826,384	\$ 3,039,477	\$ 2,862,483	\$ 3,466,270	\$ 3,564,835	\$ 2,248,125
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.50%	38.23%	38.63%	47.30%	32.55%	32.67%	32.47%	12.64%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

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

	Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 150,516	\$ 100,852	\$ 95,081	\$ 75,596	\$ 88,049	\$ 95,500	\$ 94,906	\$ 96,970
Contributions in relation to the contractually required contribution	(150,516)	(100,852)	(95,081)	(75,596)	(88,049)	(95,500)	(94,906)	(96,970)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 3,841,392	\$ 3,646,697	\$ 3,220,828	\$ 2,826,384	\$ 3,039,477	\$ 3,187,057	\$ 3,159,022	\$ 3,240,100
Contributions as a percentage of covered-employee payroll	3.92%	2.77%	2.95%	2.67%	2.90%	3.00%	3.00%	2.99%

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

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

	Measurement Year Ended				
	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0050333634%	0.0048128470%	0.0043890351%	0.0051284537%	0.0072594574%
District's proportionate share of the collective net OPEB liability	\$ 1,941,593	\$ 1,829,580	\$ 2,075,629	\$ 2,560,684	\$ 3,156,866
State proportionate share of the collective net OPEB liability associated with the District	\$ 2,601,302	\$ 2,458,518	\$ 2,758,046	\$ 2,657,476	\$ 2,572,008
Total	\$ 4,542,895	\$ --	\$ --	\$ 5,218,160	\$ 5,728,874
District's covered-employee payroll	\$ 3,646,697	\$ 3,220,828	\$ 2,826,384	\$ 3,039,477	\$ 3,187,057
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	53.24%	56.80%	73.44%	84.25%	99.05%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%

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

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

	Fiscal Year Ended			
	2022	2021	2020	2018
Statutorily or contractually required District contribution	\$ 68,438	\$ 50,130	\$ 42,129	\$ 35,777
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(68,438)	(50,130)	(42,129)	(35,777)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 3,841,392	\$ 3,646,697	\$ 3,220,828	\$ 2,826,384
Contributions as a percentage of covered-employee payroll	1.78%	1.37%	1.31%	1.27%
				1.40%

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

Budget

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

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

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

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

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

Combining Statements and Budget Comparisons as Supplementary Information

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes	Special Revenue Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:		
1110 Cash and Cash Equivalents	\$ 450,496	\$ 450,496
1240 Due from Other Governments	167,960	167,960
1260 Due from Other Funds	138,736	138,736
1000 Total Assets	<u>757,192</u>	<u>757,192</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 34,789	\$ 34,789
2170 Due to Other Funds	210,941	210,941
2300 Unearned Revenue	21,733	21,733
2000 Total Liabilities	<u>267,463</u>	<u>267,463</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	88,547	88,547
3490 Other Restrictions of Fund Balance	401,182	401,182
3000 Total Fund Balances	<u>489,729</u>	<u>489,729</u>
4000 Total Liabilities and Fund Balances	<u>\$ 757,192</u>	<u>\$ 757,192</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 25,588	\$ 2	\$ 25,590
5800 State Program Revenues	1,579	--	1,579
5900 Federal Program Revenues	1,003,138	--	1,003,138
5020 Total Revenues	<u>1,030,305</u>	<u>2</u>	<u>1,030,307</u>
EXPENDITURES:			
Current:			
0011 Instruction	431,438	--	431,438
0012 Instructional Resources and Media Services	43,663	--	43,663
0023 School Leadership	10,564	--	10,564
0031 Guidance, Counseling, and Evaluation Services	4,361	--	4,361
0033 Health Services	29,501	--	29,501
0035 Food Service	223,299	--	223,299
0036 Cocurricular/Extracurricular Activities	17,892	--	17,892
0041 General Administration	28,211	--	28,211
0051 Facilities Maintenance and Operations	490,346	--	490,346
0053 Data Processing Services	5,017	--	5,017
0081 Capital Outlay	68,488	57,886	126,374
6030 Total Expenditures	<u>1,352,780</u>	<u>57,886</u>	<u>1,410,666</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(322,475)</u>	<u>(57,884)</u>	<u>(380,359)</u>
1200 Net Change in Fund Balances	<u>(322,475)</u>	<u>(57,884)</u>	<u>(380,359)</u>
0100 Fund Balances - Beginning	812,204	57,884	870,088
3000 Fund Balances - Ending	<u>\$ 489,729</u>	<u>\$ --</u>	<u>\$ 489,729</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2022

Data Control Codes	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	281 ESSER Fund II of the CRRSA Act
ASSETS:			
1110 Cash and Cash Equivalents	\$ 63,212	\$ (642)	\$ (60,667)
1240 Due from Other Governments	28,268	642	60,667
1260 Due from Other Funds	259	--	--
1000 Total Assets	<u>91,739</u>	<u>--</u>	<u>--</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 195	\$ --	\$ --
2170 Due to Other Funds	305	--	--
2300 Unearned Revenue	2,692	--	--
2000 Total Liabilities	<u>3,192</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	88,547	--	--
3490 Other Restrictions of Fund Balance	--	--	--
3000 Total Fund Balances	<u>88,547</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 91,739</u>	<u>\$ --</u>	<u>\$ --</u>

of	282 ESSER Fund III of the American Rescue Plan Act	410 State Textbook Fund	427 State Funded Special Revenue Fund	428 Rebuild Texas	429 State Funded Special Revenue Fund
	\$ (77,141)	\$ (10,218)	\$ (2,128)	\$ --	\$ 19,041
	78,383	--	--	--	--
	--	10,218	2,128	71,691	--
	<u>1,242</u>	<u>--</u>	<u>--</u>	<u>71,691</u>	<u>19,041</u>
	\$ 1,242	\$ --	\$ --	\$ --	\$ --
	--	--	--	71,691	--
	--	--	--	--	19,041
	<u>1,242</u>	<u>--</u>	<u>--</u>	<u>71,691</u>	<u>19,041</u>
	--	--	--	--	--
	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
	\$ <u>1,242</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>71,691</u>	\$ <u>19,041</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2022

Data Control Codes	461 Campus Activity Funds	499 Insurance Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 21,782	\$ 497,257	\$ 450,496
1240	Due from Other Governments	--	--	167,960
1260	Due from Other Funds	--	54,440	138,736
1000	Total Assets	<u>21,782</u>	<u>551,697</u>	<u>757,192</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 33,352	\$ 34,789
2170	Due to Other Funds	--	138,945	210,941
2300	Unearned Revenue	--	--	21,733
2000	Total Liabilities	<u>--</u>	<u>172,297</u>	<u>267,463</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	88,547
3490	Other Restrictions of Fund Balance	21,782	379,400	401,182
3000	Total Fund Balances	<u>21,782</u>	<u>379,400</u>	<u>489,729</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,782</u>	<u>\$ 551,697</u>	<u>\$ 757,192</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ 2,629	\$ --
5800 State Program Revenues	--	1,579	--
5900 Federal Program Revenues	112,352	313,688	19,638
5020 Total Revenues	<u>112,352</u>	<u>317,896</u>	<u>19,638</u>
EXPENDITURES:			
Current:			
0011 Instruction	68,689	--	19,638
0012 Instructional Resources and Media Services	43,663	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--
0033 Health Services	--	--	--
0035 Food Service	--	223,299	--
0036 Cocurricular/Extracurricular Activities	--	--	--
0041 General Administration	--	--	--
0051 Facilities Maintenance and Operations	--	47,656	--
0053 Data Processing Services	--	--	--
0081 Capital Outlay	--	--	--
6030 Total Expenditures	<u>112,352</u>	<u>270,955</u>	<u>19,638</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	46,941	--
1100 Expenditures	--	46,941	--
1200 Net Change in Fund Balances	--	46,941	--
0100 Fund Balances - Beginning	--	41,606	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 88,547</u>	<u>\$ --</u>

266 Cares Act Coronavirus Relief Fund (CRF)	270 Rural Education Achievement Program	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act
\$ --	\$ --	\$ --	\$ --
--	--	--	--
<u>36,351</u>	<u>33,185</u>	<u>186,296</u>	<u>301,628</u>
<u>36,351</u>	<u>33,185</u>	<u>186,296</u>	<u>301,628</u>
--	14,840	106,337	221,934
--	--	--	--
--	--	3,600	6,964
--	--	--	4,361
25,101	--	4,400	--
--	--	--	--
--	--	--	--
11,250	18,345	27,000	1,211
--	--	44,959	62,141
--	--	--	5,017
--	--	--	--
<u>36,351</u>	<u>33,185</u>	<u>186,296</u>	<u>301,628</u>
--	--	--	--
--	--	--	--
--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	461 Campus Activity Funds	499 Insurance Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 22,959	\$ --	\$ 25,588
5800 State Program Revenues	--	--	1,579
5900 Federal Program Revenues	--	--	1,003,138
5020 Total Revenues	<u>22,959</u>	<u>--</u>	<u>1,030,305</u>
EXPENDITURES:			
Current:			
0011 Instruction	--	--	431,438
0012 Instructional Resources and Media Services	--	--	43,663
0023 School Leadership	--	--	10,564
0031 Guidance, Counseling, and Evaluation Services	--	--	4,361
0033 Health Services	--	--	29,501
0035 Food Service	--	--	223,299
0036 Cocurricular/Extracurricular Activities	17,892	--	17,892
0041 General Administration	--	--	28,211
0051 Facilities Maintenance and Operations	--	305,995	490,346
0053 Data Processing Services	--	--	5,017
0081 Capital Outlay	--	68,488	68,488
6030 Total Expenditures	<u>17,892</u>	<u>374,483</u>	<u>1,352,780</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	5,067	(374,483)	(322,475)
1200 Net Change in Fund Balances	<u>5,067</u>	<u>(374,483)</u>	<u>(322,475)</u>
0100 Fund Balances - Beginning	16,715	753,883	812,204
3000 Fund Balances - Ending	<u>\$ 21,782</u>	<u>\$ 379,400</u>	<u>\$ 489,729</u>

Other Supplementary Information

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

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

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2013 and Prior Years	\$	Various	\$	Various	\$	Various
2014		1.17		.19		285,087,470
2015		1.17		.287		332,076,236
2016		1.17		.30		321,874,260
2017		1.17		.30		308,086,015
2018		1.17		.33		283,302,575
2019		1.17		.345		279,481,820
2020		1.068		.3324		296,616,229
2021		.98		.21		336,578,480
2022 (School Year Under Audit)		.98		.25		471,192,970

1000 Totals

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

EXHIBIT J-1

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
\$ 139,860	\$ --	\$ 544	\$ 62	\$ (633)	\$ 138,623
14,127	--	61	10	--	14,056
17,126	--	30	7	--	17,088
19,881	--	1,592	408	(34)	17,846
25,932	--	1,560	400	(403)	23,569
22,962	--	1,884	531	(411)	20,135
24,688	--	2,832	835	(397)	20,623
29,192	--	5,629	1,752	(782)	21,029
46,104	--	13,358	2,863	(2,450)	27,433
--	5,751,426	2,421,144	1,154,896	(2,113,424)	61,961
<u>\$ 339,870</u>	<u>\$ 5,751,426</u>	<u>\$ 2,448,635</u>	<u>\$ 1,161,764</u>	<u>\$ (2,118,535)</u>	<u>\$ 362,362</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
 AS OF AUGUST 31, 2022

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 417,340
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 324,405
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 628
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 183

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 2,200	\$ 2,629	\$ 429
5800 State Program Revenues	1,100	1,579	479
5900 Federal Program Revenues	220,000	313,688	93,688
5020 Total Revenues	<u>223,300</u>	<u>317,896</u>	<u>94,596</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	246,652	223,299	23,353
Total Support Services - Student (Pupil)	<u>246,652</u>	<u>223,299</u>	<u>23,353</u>
Support Services - Nonstudent Based:			
0051 Plant Maintenance and Operations	51,500	47,656	3,844
Total Support Services - Nonstudent Based	<u>51,500</u>	<u>47,656</u>	<u>3,844</u>
6030 Total Expenditures	<u>298,152</u>	<u>270,955</u>	<u>27,197</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(74,852)	46,941	121,793
1200 Net Change in Fund Balance	(74,852)	46,941	121,793
0100 Fund Balance - Beginning	41,606	41,606	--
3000 Fund Balance - Ending	<u>\$ (33,246)</u>	<u>\$ 88,547</u>	<u>\$ 121,793</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 970,757	\$ 1,163,407	\$ 192,650
5800 State Program Revenues	17,579	4,495	(13,084)
5020 Total Revenues	<u>988,336</u>	<u>1,167,902</u>	<u>179,566</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	555,000	555,000	--
0072 Interest on Long-Term Debt	355,000	330,825	24,175
0073 Bond Issuance Costs and Fees	1,800	10,469	(8,669)
Total Debt Service	<u>911,800</u>	<u>896,294</u>	<u>15,506</u>
6030 Total Expenditures	<u>911,800</u>	<u>896,294</u>	<u>15,506</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>76,536</u>	<u>271,608</u>	<u>195,072</u>
Other Financing Sources (Uses):			
7915 Transfers In	--	1,000,000	1,000,000
8949 Other Uses	--	(1,388,888)	(1,388,888)
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>(388,888)</u>	<u>(388,888)</u>
1200 Net Change in Fund Balance	<u>76,536</u>	<u>(117,280)</u>	<u>(193,816)</u>
0100 Fund Balance - Beginning	224,173	224,173	--
3000 Fund Balance - Ending	<u>\$ 300,709</u>	<u>\$ 106,893</u>	<u>\$ (193,816)</u>



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Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Woodsboro Independent School District
P.O. Drawer 770
Woodsboro, Texas 78393

Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodsboro Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Woodsboro Independent School District's basic financial statements, and have issued our report thereon dated January 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Woodsboro 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 Woodsboro Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodsboro 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodsboro 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,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
January 10, 2023



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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

Board of Trustees
Woodsboro Independent School District
P.O. Drawer 770
Woodsboro, Texas 78393

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Woodsboro 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 Woodsboro 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 Woodsboro Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
January 10, 2023

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: August 2022

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ARP ESSER III	84.425U
Restart Hurricane Harvey	84.938A

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p><u>2021-1</u></p> <p>Condition: Reconciliations were not properly prepared during the year for the due from/to and payroll liability accounts creating year end adjustments to correct numerous accounts.</p> <p>Criteria: Accounts should be completed and reconciled to the general ledger throughout the year on a timely basis.</p> <p>Cause: Prior HR personnel lacked adequate training to ensure accurate reconciliation's were completed in a timely manner. Additionally, the finance office worked to correct past reconciliation's and did not see the discrepancy until late in the fiscal year.</p> <p>Effect or Potential Effect: Accurate and timely monthly reconciliations reduce the risk that errors will remain undetected and uncorrected. Without effective accounting controls, general ledger accounts may be inaccurate and incomplete, funds may not be accounted for properly and balances may not be reliable.</p> <p>Recommendation: The District should continue to monitor the the general ledger to ensure reconciliations are completed accurately and timely each month.</p>	<p>Implemented</p>	

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

N/A None Required

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

EXHIBIT K-1

(1)	(2)	(2A)	(3)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	71402201	\$	\$ 93,228
Commodities (Non-cash)	10.555	196902	--	21,715
Supply Chain Assistance Grant	10.555	196902		16,757
National School Lunch Program	10.555	71302201		181,988
Total ALN Number 10.555			--	220,460
Total Passed Through State Department of Education			--	313,688
Total U. S. Department of Agriculture			--	313,688
Total Child Nutrition Cluster			--	313,688
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Direct Programs:				
Restart Hurricane Harvey	84.938A	2151170419690	--	370,000
Title IV, Part A, Subpart 1	84.424A	2268010119690	--	10,000
Total Direct Programs			--	380,000
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	2261010119690	--	112,352
Total ALN Number 84.010a			--	112,352
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grant	84.358A	S358A214123	--	33,185
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	2269450119690	--	19,638
Total ALN Number 84.367a			--	19,638
CARES Act Coronavirus Relief Fund (CRF) - ESSER	84.425D	2052100119690	--	--
Coronavirus Aid, Relief, and Economic Security (CARES) Act - ESSER	84.425D	2052100119690	--	36,351
ESSER Fund II of the CRRSA Act	84.425D	2152100119690	--	186,296
Total ALN Number 84.425D			--	222,647
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	2152800119690	--	301,628
Total Passed Through State Department of Education			--	689,450
Total U. S. Department of Education			--	1,069,450
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 1,383,138
TOTAL EXPENDITURES OF FEDERAL AWARDS				1,383,138
School Health and Related Services				162,140
Medicaid				24,634
Prior Year Expenditures Revenue Received in Current Year				31,224
TOTAL EXPENDITURES PER EXHIBIT C-2				1,601,136

The accompanying notes are an integral part of this schedule.

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

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

WOODSBORO INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2022

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