

**WOODSBORO
INDEPENDENT
SCHOOL DISTRICT**

Annual Financial Report

For the Year Ended August 31, 2023



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

Introductory Section

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, 2023, at a meeting of the board of trustees of such school district on the 8 day of January, 2024.



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

555 N. Carancahua, Suite 1040
Corpus Christi, TX 78401
Telephone: (361) 993-1000
Fax: (361) 991-2880

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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodsboro Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 Woodsboro Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodsboro Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
December 22, 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, 2023. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

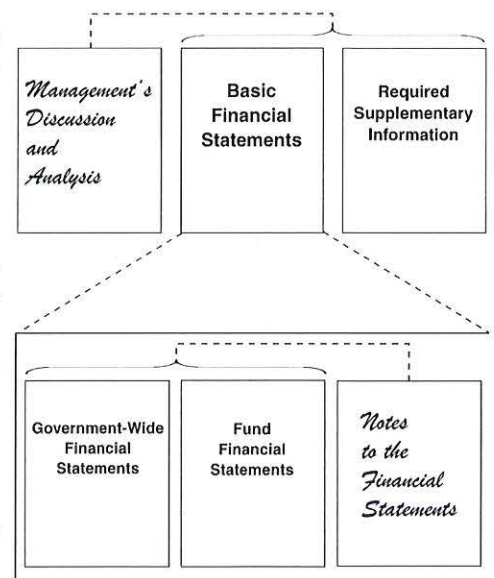
- The District’s total combined net position was \$14,257,006 at August 31, 2023.
- During the year, the District’s expenses were \$1,156,428 less than the \$10,307,756 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of 3,918,230.

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.

Summary ↔ Detail

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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• 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		Change
	2023	2022	
Current Assets:			
Cash and cash equivalents	\$ 426,547	\$ 2,109,379	\$ (1,682,832)
Current Investments	36,653,434	4,214,284	32,439,150
Property Taxes Receivable (Net)	120,833	120,010	823
Due from other governments	1,137,254	351,292	785,962
Other receivables	2,481	19,418	(16,937)
Unrealized Expenses	162,714	-	162,714
Total Current Assets	<u>38,503,263</u>	<u>6,814,383</u>	<u>31,688,880</u>
Noncurrent assets:			
Capital Assets	20,972,491	20,363,959	608,532
Total Assets	<u>59,475,754</u>	<u>27,178,342</u>	<u>32,297,412</u>
Deferred Outflows Related to Pensions and OPEB	<u>2,376,016</u>	<u>1,215,733</u>	<u>1,160,283</u>
Current Liabilities:			
Accounts payable and accrued liabilities	482,706	1,079,544	(596,838)
Unearned Revenue	597,664	488,998	108,666
Total Current Liabilities	<u>1,080,370</u>	<u>1,568,542</u>	<u>(488,172)</u>
Long-term Liabilities:			
Due within one year	1,020,000	575,000	445,000
Due in more than one year	38,744,917	7,349,099	31,395,818
Net Pension Liability	1,927,034	638,191	1,288,843
Net OPEB Liability	1,481,813	1,941,593	(459,780)
Total Liabilities	<u>44,254,134</u>	<u>12,072,425</u>	<u>32,181,709</u>
Deferred Inflows Related to Pensions	<u>3,340,630</u>	<u>3,221,071</u>	<u>119,559</u>
Net Assets:			
Invested in capital assets	15,481,228	12,728,959	2,752,269
Restricted	185,802	217,222	(31,420)
Unrestricted (Deficit)	(1,410,024)	154,398	(1,564,422)
Total Net Position	<u>\$ 14,257,006</u>	<u>\$ 13,100,579</u>	<u>\$ 1,156,427</u>

The District's combined net position was approximately \$14,257,006 at August 31, 2023. 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 \$15,481,228. 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, \$293,070 represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a deficit balance of \$(1,517,292) See Table A-1).

Unrestricted net position reflects a negative balance of \$(1,517,292) 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 \$10,307,756. A significant portion, 40%, of the District's revenue comes from taxes. 23% comes from State Aid - Formula, while only .27% relates to charges for services.

The total cost of all programs and services was \$9,151,328; 47% 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		Change
	2023	2022	
Program Revenues:			
Charges for Services	\$ 27,737	\$ 20,465	\$ 7,272
Operating Grants and Contributions	3,027,608	1,890,624	1,136,984
General Revenues			
Property Taxes	4,166,946	3,619,692	547,254
State Aid – Formula	2,417,006	2,868,790	(451,784)
Investment Earnings	280,115	29,262	250,853
Other	388,344	1,036,209	(647,865)
Total Revenues	<u>10,307,756</u>	<u>9,465,042</u>	<u>842,714</u>
Instruction	3,907,130	4,076,086	(168,956)
Instructional Resources and Media Services	59,150	61,877	(2,727)
Curriculum Dev. And Instructional Staff Dev.	6,120	6,204	(84)
School Leadership	454,808	395,587	59,221
Guidance, Counseling and Evaluation Services	243,437	232,127	11,310
Health Services	80,801	63,191	17,610
Student (Pupil) Transportation	118,906	158,816	(39,910)
Food Services	257,230	231,582	25,648
Curricular/Extracurricular Activities	672,293	469,347	202,946
General Administration	1,004,053	669,497	334,556
Plant Maintenance & Oper.	1,190,796	1,759,330	(568,534)
Security and Monitoring Services	76,218	3,431	72,787
Data Processing Services	82,915	47,794	35,121
Debt Service	287,386	328,334	(40,948)
Bond Issuance Costs and Fees	423,596	10,469	413,127
Capital Outlay	-	6,072	(6,072)
Shared Service Arrangements	173,567	-	173,567
Other Intergovernmental Charges	112,922	132,226	(19,304)
Total Expenses	<u>9,151,328</u>	<u>8,651,970</u>	<u>(499,358)</u>
Change in Net Position	1,156,428	813,072	343,356
Net Position Beginning	13,100,578	12,287,506	813,072
Net Position Ending	<u>\$ 14,257,006</u>	<u>\$ 13,100,578</u>	<u>\$ 1,156,428</u>

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 decreased to \$1.1926 of which \$.9426 was for maintenance and \$0.25 was for debt service. Property values decreased to \$312,708,062 which produced a tax levy of \$3,696,069.
- Revenues from investments increased during the year by \$250,853.

- Property tax revenue for maintenance & operations was based on a tax rate of \$.9426 for 2023. The I&S Tax rate was \$.25.
- State aid decreased in 2023 with the passage of House Bill 3. The M&O tax rate decreased to \$.9426 and the I&S rate did not change. State aid decreased in 23-24 due to tax compression the M&O rate decreased to .7781 and I&S to .4996 for 23-24 which will produce less tax revenue.
- The District continues to repair damages caused by Hurricane Harvey and additional expenses for aging infrastructure. Consequently, capital expenditures continue to increase for the 2023-23 fiscal year. The District also passed a bond for \$32,545,000 to build a new Elementary School which will help with increasing repairs due to the aging infrastructure.
- For the 2023-24 school year, student enrollment stabilized.
- Personnel costs 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 \$9,151,328.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$4,166,946.
- Some of the cost was paid by those who directly benefited from the programs \$27,737, or By grants and contributions \$3,027,608.

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

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2023	2022		2023	2022	
Instruction	\$ 3,907,130	\$ 4,076,086	-4.32%	\$ 2,383,341	\$ 3,030,101	-27.14%
General Administration	1,004,053	669,497	33.32%	917,612	587,138	36.01%
Plant Maintenance & Operations	1,190,796	1,759,330	-47.74%	303,291	1,462,837	-382.32%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

1. Revenues from governmental fund types totaled \$10,460,226 an increase of 6% over the preceding year (\$9,821,275). The homestead exemption act will reduce funding which will be a significant loss to Woodsboro ISD. The M&O rate of \$.9426 will be compressed to \$.98. 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 \$318,324 less than budgeted expenditures. State program revenues were \$249,578 less than projected and local and intermediate revenues were \$60,560 more than projected. Fund Balance decreased by \$467,714.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$20,972,491 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			2023
	2022	Additions	Deletions	
Land	\$ 648,483	\$ -	\$ -	\$ 648,483
Construction in Progress	-	255,548	-	255,548
Buildings and improvements	27,417,712	29,503		27,447,215
Vehicles and Equipment	2,197,904	1,120,854	29,717	3,289,041
Totals at historical cost	<u>30,264,099</u>	<u>1,405,905</u>	<u>29,717</u>	<u>31,640,287</u>
Total accumulated depreciation	<u>9,900,140</u>	<u>797,373</u>	<u>29,717</u>	<u>10,667,796</u>
Net capital assets	<u>\$ 20,363,959</u>	<u>\$ 608,532</u>	<u>\$ -</u>	<u>\$ 20,972,491</u>

Long Term Debt

At year-end, the District had \$39,764,916 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 2023-22
	2023	2022	
Bonds payable	\$ 38,840,000	\$ 7,635,000	408.7%
Bond Premium	924,916	289,099	219.9%
Total bonds & leases payable	<u>\$ 39,764,916</u>	<u>\$ 7,924,099</u>	401.8%
Net Pension Liability	<u>\$ 1,927,034</u>	<u>\$ 638,191</u>	202.0%
Net OPEB Liability	<u>\$ 1,481,813</u>	<u>\$ 1,941,593</u>	-23.7%

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 governmental 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 is 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 2023-23 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 2023-24 increased by .09 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.
- ESSER 3 will be depleted in 23-24 and the district will look for additional funding to help make up for the loss of revenue.

. The District passed a \$32,545,000 bond for the construction of a new Elementary School.

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 426,547
1120	Current Investments	36,653,434
1225	Property Taxes Receivable (Net)	120,833
1240	Due from Other Governments	1,137,254
1290	Other Receivables (Net)	2,481
1410	Unrealized Expenses	162,714
Capital Assets:		
1510	Land	648,484
1520	Buildings and Improvements, Net	18,170,002
1530	Furniture and Equipment, Net	1,898,457
1580	Construction in Progress	255,548
1000	Total Assets	<u>59,475,754</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Pensions	1,105,047
	Deferred Outflow Related to OPEB	1,270,969
1700	Total Deferred Outflows of Resources	<u>2,376,016</u>
LIABILITIES:		
2110	Accounts Payable	245,449
2165	Accrued Liabilities	237,257
2300	Unearned Revenue	597,664
Noncurrent Liabilities:		
2501	Due Within One Year	1,020,000
2502	Due in More Than One Year	38,744,917
2540	Net Pension Liability	1,927,034
2545	Net OPEB Liability	1,481,813
2000	Total Liabilities	<u>44,254,134</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Inflow Related to Pensions	233,002
	Deferred Inflow Related to OPEB	3,107,628
2600	Total Deferred Inflows of Resources	<u>3,340,630</u>
NET POSITION:		
3200	Net Investment in Capital Assets	15,481,228
Restricted For:		
3820	State and Federal Programs	102,724
3850	Debt Service	61,296
3870	Campus Activities	129,050
3900	Unrestricted	(1,517,292)
3000	Total Net Position	<u>\$ 14,257,006</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2023

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	\$ 3,907,130	\$ 2,505	\$ 1,521,284	\$ (2,383,341)	
12	Instructional Resources and Media Services	59,150	2	43,220	(15,928)	
13	Curriculum and Staff Development	6,120	--	28,846	22,726	
23	School Leadership	454,808	55	65,030	(389,723)	
31	Guidance, Counseling, and Evaluation Services	243,437	30	18,338	(225,069)	
33	Health Services	80,801	9	13,489	(67,303)	
34	Student Transportation	118,906	10	6,181	(112,715)	
35	Food Service	257,230	3,271	253,806	(153)	
36	Cocurricular/Extracurricular Activities	672,293	21,422	40,763	(610,108)	
41	General Administration	1,004,053	117	86,324	(917,612)	
51	Facilities Maintenance and Operations	1,190,796	279	887,226	(303,291)	
52	Security and Monitoring Services	76,218	6	22,177	(54,035)	
53	Data Processing Services	82,915	9	5,670	(77,236)	
72	Interest on Long-term Debt	287,386	--	22,177	(265,209)	
73	Bond Issuance Costs and Fees	423,596	--	--	(423,596)	
93	Payments Related to Shared Services Arrangements	173,567	22	13,077	(160,468)	
99	Other Intergovernmental Charges	112,922	--	--	(112,922)	
TG	Total Governmental Activities	<u>9,151,328</u>	<u>27,737</u>	<u>3,027,608</u>	<u>(6,095,983)</u>	
TP	Total Primary Government	<u>\$ 9,151,328</u>	<u>\$ 27,737</u>	<u>\$ 3,027,608</u>	<u>(6,095,983)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				2,856,495	
DT	Property Taxes, Levied for Debt Service				1,310,451	
IE	Investment Earnings				280,115	
GC	Grants and Contributions Not Restricted to Specific Programs				2,417,006	
MI	Miscellaneous				308,500	
FR	Transfers				79,844	
TR	Total General Revenues and Transfers				<u>7,252,411</u>	
CN	Change in Net Position				1,156,428	
NB	Net Position - Beginning				13,100,578	
NE	Net Position - Ending				<u>\$ 14,257,006</u>	

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	State Funded Special Revenue Fund	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 407,364	\$ (722,321)
1120	Current Investments	4,026,345	--
1225	Taxes Receivable, Net	94,984	--
1240	Due from Other Governments	186,698	920,926
1260	Due from Other Funds	124,856	--
1290	Other Receivables	2,481	--
1410	Unrealized Expenditures	162,714	--
1000	Total Assets	<u>5,005,442</u>	<u>198,605</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 29,967	\$ 179,564
2150	Payroll Deductions and Withholdings	4,812	--
2160	Accrued Wages Payable	232,445	--
2170	Due to Other Funds	148,679	--
2300	Unearned Revenue	576,325	19,041
2000	Total Liabilities	<u>992,228</u>	<u>198,605</u>
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Revenue	94,984	--
2600	Total Deferred Inflows of Resources	<u>94,984</u>	<u>--</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3430	Prepaid Items	162,714	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	900,000	--
3530	Capital Expenditures for Equipment	112,000	--
3600	Unassigned	2,743,516	--
3000	Total Fund Balances	<u>3,918,230</u>	<u>--</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 5,005,442</u>	<u>\$ 198,605</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 100	\$ 731,627	\$ 416,770
42,804	32,584,285	--	36,653,434
25,849	--	--	120,833
--	--	29,630	1,137,254
18,492	--	64,658	208,006
--	--	--	2,481
--	--	--	162,714
<u>87,145</u>	<u>32,584,385</u>	<u>825,915</u>	<u>38,701,492</u>
\$ --	\$ --	\$ 20,528	\$ 230,059
--	--	--	4,812
--	--	--	232,445
--	100	74,251	223,030
--	--	2,298	597,664
<u>--</u>	<u>100</u>	<u>97,077</u>	<u>1,288,010</u>
25,849	--	--	120,833
<u>25,849</u>	<u>--</u>	<u>--</u>	<u>120,833</u>
--	--	--	162,714
--	--	241,152	241,152
61,296	--	--	61,296
--	--	487,686	487,686
--	32,584,285	--	33,484,285
--	--	--	112,000
--	--	--	2,743,516
<u>61,296</u>	<u>32,584,285</u>	<u>728,838</u>	<u>37,292,649</u>
\$ <u>87,145</u>	\$ <u>32,584,385</u>	\$ <u>825,915</u>	\$ <u>38,701,492</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2023

Total fund balances - governmental funds balance sheet	\$ 37,292,649
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.	20,972,490
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	120,833
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	9,411
Payables for bond principal which are not due in the current period are not reported in the funds.	(38,840,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(924,916)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,927,034)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(233,002)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,105,047
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(1,481,813)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,107,628)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>1,270,969</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 14,257,006</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, 2023

Data Control Codes	10 <u>General Fund</u>	State Funded Special Special Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 3,268,478	\$ --
5800 State Program Revenues	2,933,888	1,439,294
5900 Federal Program Revenues	220,187	--
5020 Total Revenues	<u>6,422,553</u>	<u>1,439,294</u>
EXPENDITURES:		
Current:		
0011 Instruction	3,156,633	1,359,574
0012 Instructional Resources and Media Services	15,827	--
0013 Curriculum and Staff Development	2,633	2,908
0023 School Leadership	445,566	3,193
0031 Guidance, Counseling, and Evaluation Services	243,658	--
0033 Health Services	70,600	--
0034 Student Transportation	81,881	--
0035 Food Service	1,203	--
0036 Cocurricular/Extracurricular Activities	541,753	--
0041 General Administration	937,137	1,606
0051 Facilities Maintenance and Operations	937,947	72,013
0052 Security and Monitoring Services	46,835	--
0053 Data Processing Services	75,066	--
0071 Principal on Long-term Debt	--	--
0072 Interest on Long-term Debt	--	--
0073 Bond Issuance Costs and Fees	--	--
0093 Payments to Shared Service Arrangements	173,567	--
0099 Other Intergovernmental Charges	112,922	--
6030 Total Expenditures	<u>6,843,228</u>	<u>1,439,294</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(420,675)</u>	<u>--</u>
Other Financing Sources and (Uses):		
7911 Capital-Related Debt Issued (Regular Bonds)	--	--
7915 Transfers In	--	--
7916 Premium or Discount on Issuance of Bonds	--	--
8949 Other Uses	(47,039)	--
7080 Total Other Financing Sources and (Uses)	<u>(47,039)</u>	<u>--</u>
1200 Net Change in Fund Balances	(467,714)	--
0100 Fund Balances - Beginning	4,385,944	--
3000 Fund Balances - Ending	<u>\$ 3,918,230</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

50 Debt Service Fund	60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 1,347,391	\$ 39,285	\$ 122,971	\$ 4,778,125
22,177	--	139,584	4,534,943
--	--	926,971	1,147,158
<u>1,369,568</u>	<u>39,285</u>	<u>1,189,526</u>	<u>10,460,226</u>
--	--	622,324	5,138,531
--	--	42,049	57,876
--	--	--	5,541
--	--	--	448,759
--	--	--	243,658
--	--	8,168	78,768
--	--	--	81,881
--	--	248,498	249,701
--	--	92,109	633,862
--	--	--	938,743
--	--	131,651	1,141,611
--	--	22,168	69,003
--	--	--	75,066
1,095,000	--	--	1,095,000
313,765	--	--	313,765
6,400	417,196	--	423,596
--	--	--	173,567
--	--	--	112,922
<u>1,415,165</u>	<u>417,196</u>	<u>1,166,967</u>	<u>11,281,850</u>
<u>(45,597)</u>	<u>(377,911)</u>	<u>22,559</u>	<u>(821,624)</u>
--	32,300,000	--	32,300,000
--	--	79,844	79,844
--	662,196	--	662,196
--	--	--	(47,039)
--	32,962,196	79,844	32,995,001
<u>(45,597)</u>	<u>32,584,285</u>	<u>102,403</u>	<u>32,173,377</u>
106,893	--	626,435	5,119,272
<u>\$ 61,296</u>	<u>\$ 32,584,285</u>	<u>\$ 728,838</u>	<u>\$ 37,292,649</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, 2023

Net change in fund balances - total governmental funds	\$ 32,173,377
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	1,405,905
The depreciation of capital assets used in governmental activities is not reported in the funds.	(797,373)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	5,174
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,095,000
The net revenue (expense) of internal service funds is reported with governmental activities.	(1,498)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(32,300,000)
Bond premiums are reported in the funds but not in the SOA.	(635,817)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(104,249)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	315,910
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	(1)
Rounding difference	<u>(1)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,156,428</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 INTERNAL SERVICE FUND
 AUGUST 31, 2023

Data Control Codes	Nonmajor Internal Service Fund	Insurance Fund
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 9,778
Receivables:		
1260	Due from Other Funds	15,023
	Total Current Assets	<u>24,801</u>
1000	Total Assets	<u>24,801</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 15,390
	Total Current Liabilities	<u>15,390</u>
2000	Total Liabilities	<u>15,390</u>
NET POSITION:		
3900	Unrestricted	9,411
3000	Total Net Position	<u>\$ 9,411</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, 2023

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 15,422
5020	Total Revenues	<u>15,422</u>
	OPERATING EXPENSES:	
6400	Other Operating Costs	<u>16,920</u>
6030	Total Expenses	<u>16,920</u>
1300	Change in Net Position	(1,498)
0100	Total Net Position - Beginning	10,909
3300	Total Net Position - Ending	<u>\$ 9,411</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, 2023

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	\$ 15,422
Cash Payments to Employees for Services	
Cash Payments to Other Suppliers for Goods and Services	(16,255)
Cash Payments for Grants to Other Organizations	
Other Operating Cash Receipts (Payments)	
Net Cash Provided (Used) by Operating Activities	<u>(833)</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	(833)
Cash and Cash Equivalents at Beginning of Year	10,611
Cash and Cash Equivalents at End of Year	<u>\$ 9,778</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (1,498)
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	665
Increase (Decrease) in Interfund Payables	
Increase (Decrease) in Unearned Revenue	
Total Adjustments	<u>665</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (833)</u>

The accompanying notes are an integral part of this statement.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2023

Data Control Codes		<u>Custodial Fund</u>
		<u>Student Activity</u>
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 171,909
1000	Total Assets	<u>171,909</u>
	LIABILITIES:	
2400	Payable from Restricted Assets	\$ 127,509
2000	Total Liabilities	<u>127,509</u>
	NET POSITION:	
3800	Restricted for Other Purposes	44,400
3000	Total Net Position	<u>\$ 44,400</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, 2023

	Custodial Funds
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	55,224
Total Additions	<u>55,224</u>
DEDUCTIONS:	
Benefits	--
Refunds of Contributions	--
Other Operating Expenses	60,426
Total Deductions	<u>60,426</u>
Change in Fiduciary Net Position	(5,202)
Transfers Out	(79,844)
Net Position-Beginning of the Year	129,446
Prior Period Adjustment	--
Net Position-End of the Year	<u>\$ 44,400</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, 2023

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.

State Funded Special Revenue Fund: 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, 2023

Debt Service Fund: This fund is used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been deducted.

Capital Projects Fund: This fund is used to account for construction activities.

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 custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements 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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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.

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	\$ 215,826	\$ 58,735	\$ 274,561
Allowance for Doubtful Accounts	(120,842)	(32,886)	(153,728)
Property Taxes Receivable, Net	\$ 94,984	\$ 25,849	\$ 120,833

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:

WOODSBORO INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2023

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

e. **Deferred Outflows and Inflows of Resources**

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

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

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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.

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

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

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:

8949 Other Uses	\$	47,039
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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

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2023

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$598,460 and the bank balance was \$619,464. The District's cash deposits at August 31, 2023 and during the year ended August 31, 2023, 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	\$ 36,653,434	AAA _m
Total Investments		<u>\$ 36,653,434</u>	

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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.

D. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 648,483	\$ --	\$ --	\$ 648,483
Construction in progress	--	255,548	--	255,548
Total capital assets not being depreciated	<u>648,483</u>	<u>255,548</u>	<u>--</u>	<u>904,031</u>
Capital assets being depreciated:				
Buildings and improvements	27,417,713	29,503	--	27,447,216
Equipment	1,119,255	1,120,854	--	2,240,109
Vehicles	1,078,649	--	29,717	1,048,932
Total capital assets being depreciated	<u>29,615,617</u>	<u>1,150,357</u>	<u>29,717</u>	<u>30,736,257</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Less accumulated depreciation for:				
Buildings and improvements	(8,606,851)	(670,362)	--	(9,277,213)
Equipment	(536,497)	(85,814)	--	(622,311)
Vehicles	(756,793)	(41,197)	(29,717)	(768,273)
Total accumulated depreciation	<u>(9,900,141)</u>	<u>(797,373)</u>	<u>(29,717)</u>	<u>(10,667,797)</u>
Total capital assets being depreciated, net	19,715,476	352,984	--	20,068,460
Governmental activities capital assets, net	<u>\$ 20,363,959</u>	<u>\$ 608,532</u>	<u>\$ --</u>	<u>\$ 20,972,491</u>

Depreciation was charged to functions as follows:

Instruction	\$ 365,416
Instructional Resources and Media Services	5,599
Curriculum and Staff Development	579
School Leadership	43,054
Guidance, Counseling, & Evaluation Services	23,045
Health Services	7,649
Student Transportation	41,197
Food Services	24,351
Extracurricular Activities	63,643
General Administration	95,049
Plant Maintenance and Operations	112,727
Security and Monitoring Services	7,215
Data Processing Services	7,849
	<u>\$ 797,373</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2023, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund (Clearing)	\$ 50,506	Short-term loans
General Fund	Other Governmental Funds	74,251	Short-term loans
General Fund	Capital Projects	100	Short-term loans
Debt Service Fund	General Fund	18,492	Short-term loans
Internal Service Fund	General Fund	15,023	Short-term loans
Other Governmental Funds	General Fund	64,658	Short-term loans
	Total	<u>\$ 223,030</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, 2023, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
Custodial Fund	Other Governmental Funds	79,844	Activity Funds to Campus Activity
	Total	<u>\$ 79,844</u>	

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

F. Long-Term Obligations

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, 2023, 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%	\$ 1,820,000		\$ 830,000	\$ 990,000	\$ 320,000
Unlimited Tax School Building					
Bonds Series 2014, 2%-4.75%	4,155,000		125,000	4,030,000	130,000
Unlimited Tax Refunding					
Bonds Series 2016, 3%-4.00%	1,660,000		140,000	1,520,000	150,000
Unlimited Tax School Building					
Bonds Series 2023, 4.125%-5%		32,300,000	--	32,300,000	420,000
TOTAL BONDS	\$ 7,635,000	\$ 32,300,000	\$ 1,095,000	38,840,000	\$ 1,020,000
Bond Premium	\$ 289,099	\$ 662,196	\$ 26,379	924,916	
Due Within One Year				(1,020,000)	
Due in More Than One Year				<u>\$ 38,744,916</u>	
Net Pension Liability	\$ 638,191	\$ 1,288,843		\$ 1,927,034	
Net OPEB	\$ 1,941,593		\$ 459,780	\$ 1,481,813	

* 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

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

Year Ending August 31,	Governmental Activities		
	Bonds		
	Principal	Interest	Total
2024	\$ 1,020,000	1,604,782	2,624,782
2025	1,005,000	1,623,825	2,628,825
2026	1,040,000	1,585,200	2,625,200
2027	910,000	1,541,950	2,451,950
2028	950,000	1,500,225	2,450,225
2029-2033	5,260,000	6,799,850	12,059,850
2034-2038	5,655,000	5,595,750	11,250,750
2039-2043	6,945,000	4,305,012	11,250,012
2044-2048	7,385,000	2,676,488	10,061,488
2049-2053	8,670,000	1,101,787	9,771,787
Totals	\$ 38,840,000	\$ 28,334,869	\$ 67,174,869

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2023

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, 2023, 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	\$ 2,950,000
Series 2007	1,640,000
Series 2013	\$ 1,885,000
	<u>6,475,000</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 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

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

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

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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3. Benefits Provided

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

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

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions		\$ 150,575
District's 2023 Member Contributions		\$ 321,312
2022 NECE On-Behalf Contributions (State)		\$ 233,528

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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- 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, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
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, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2021.

6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0%)	3.6%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag ****			(0.91)%
Expected Return	<u><u>100.0%</u></u>		<u><u>8.19%</u></u>
<p>* Absolute Return includes Credit Sensitive Investments. ** Target allocations are based on the FY2022 policy model. *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022) **** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

7. Discount Rate Sensitivity Analysis

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 2,997,734	\$ 1,927,034	\$ 1,059,181

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

At August 31, 2023, the District reported a liability of \$1,927,034 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,927,034
State's proportionate share that is associated with District	<u>2,971,087</u>
Total	<u>\$ 4,898,121</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0032459446 percent which was an increase (decrease) of 0.007399375 percent from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, the District recognized pension expense of \$284,002 and revenue of \$284,002 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 27,942	\$ 42,013
Changes in Actuarial Assumptions	359,069	89,490
Difference Between Projected and Actual Investment Earnings	190,385	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	377,076	101,499
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	150,575	--
Total	<u>\$ 1,105,047</u>	<u>\$ 233,002</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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
2024	\$ 155,520
2025	\$ 106,121
2026	\$ 91,009
2027	\$ 294,988
2028	\$ 73,831
Thereafter	\$ --

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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 participating employers are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

Section 1575.202 of the Texas Insurance Code 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 Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school 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>2023</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

District's 2023 Employer Contributions	\$	61,910
District's 2023 Member Contributions	\$	321,312
2022 NECE On-Behalf Contributions (state)	\$	62,005

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

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. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

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. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

6. Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is 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, 2022 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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2023

	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:	\$ 1,747,175	\$ 1,481,813	\$ 1,266,836

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

At August 31, 2023, the District reported a liability of \$371,124 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	\$ 1,481,813
State's proportionate share that is associated with the District	<u>\$ 1,807,579</u>
Total	<u>\$ 3,289,392</u>

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

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0061886611, which was an increase (decrease of 0.0011552977% from its proportion measured as of August 31, 2021

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 1,221,021	\$ 1,481,813	\$ 1,819,897

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 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased 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 \$(256,510).

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 82,384	\$ 1,234,484
Changes in actuarial assumptions	225,710	1,029,476
Difference between projected and actual investment earnings	4,414	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	896,551	843,668
Contributions paid to TRS subsequent to the measurement date	61,910	
Total	\$ 1,270,969	\$ 3,107,628

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

Year ended August 31:	OPEB Expense Amount
2024	\$ (440,417)
2025	\$ (440,401)
2026	\$ (377,564)
2027	\$ (292,491)
2028	\$ (179,116)
Thereafter	\$ (168,580)

For the year ended August 31, 2023, the District recognized OPEB expense of \$(256,510) and revenue of \$(256,510) 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, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$6,628.

J. Employee Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$325 per month per employee 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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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 December 22, 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. 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 Code 313.024 (b)(5); as a renewable energy electric generation project.

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.

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2023

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
2023	\$247M	\$25M	\$ 235,650	\$ 2,095,871	\$ 11,497	\$ 50,000	61,947

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, 2023

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ 3,207,918	\$ 3,268,478	\$ 60,560
5800	State Program Revenues	280,192	3,183,466	2,933,888	(249,578)
5900	Federal Program Revenues	--	159,875	220,187	60,312
5020	Total Revenues	<u>280,192</u>	<u>6,551,259</u>	<u>6,422,553</u>	<u>(128,706)</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,337,440	3,303,440	3,156,633	146,807
0012	Instructional Resources and Media Services	19,725	19,725	15,827	3,898
0013	Curriculum and Instructional Staff Development	3,150	3,150	2,633	517
	Total Instruction and Instr. Related Services	<u>3,360,315</u>	<u>3,326,315</u>	<u>3,175,093</u>	<u>151,222</u>
Instructional and School Leadership:					
0023	School Leadership	445,208	448,208	445,566	2,642
	Total Instructional and School Leadership	<u>445,208</u>	<u>448,208</u>	<u>445,566</u>	<u>2,642</u>
Student Support Services:					
0031	Guidance, Counseling and Evaluation Services	258,524	258,524	243,658	14,866
0033	Health Services	73,447	73,447	70,600	2,847
0034	Student Transportation	74,499	97,499	81,881	15,618
0035	Food Services	915	915	1,203	(288)
0036	Extracurricular Activities	536,605	555,370	541,753	13,617
	Total Student Support Services	<u>943,990</u>	<u>985,755</u>	<u>939,095</u>	<u>46,660</u>
Administrative Support Services:					
0041	General Administration	765,526	938,526	937,137	1,389
	Total Administrative Support Services	<u>765,526</u>	<u>938,526</u>	<u>937,137</u>	<u>1,389</u>
Support Services:					
0051	Facilities Maintenance and Operations	1,085,954	1,129,954	937,947	192,007
0052	Security and Monitoring Services	59,000	59,000	46,835	12,165
0053	Data Processing Services	76,000	84,000	75,066	8,934
	Total Support Services	<u>1,220,954</u>	<u>1,272,954</u>	<u>1,059,848</u>	<u>213,106</u>
Debt Service:					
0071	Debt Service	21,000	31,500	--	31,500
	Total Debt Service	<u>21,000</u>	<u>31,500</u>	<u>--</u>	<u>31,500</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	--	174,000	173,567	433
0099	Other Intergovernmental Charges	143,000	113,000	112,922	78
	Total Intergovernmental Charges	<u>143,000</u>	<u>287,000</u>	<u>286,489</u>	<u>511</u>
6030	Total Expenditures	<u>6,899,993</u>	<u>7,290,258</u>	<u>6,843,228</u>	<u>447,030</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(6,619,801)</u>	<u>(738,999)</u>	<u>(420,675)</u>	<u>318,324</u>
Other Financing Sources (Uses):					
8949	Other Uses	--	--	(47,039)	(47,039)
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>(47,039)</u>	<u>(47,039)</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1
 Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1200 Net Change in Fund Balance	(6,619,801)	(738,999)	(467,714)	271,285
0100 Fund Balance - Beginning	4,385,944	4,385,944	4,385,944	--
3000 Fund Balance - Ending	<u>\$ (2,233,857)</u>	<u>\$ 3,646,945</u>	<u>\$ 3,918,230</u>	<u>\$ 271,285</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 *

	Measurement Year **									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension liability (asset)	0.0032459446%	0.0025060071%	0.0022987730%	0.0021005562%	0.0026117723%	0.0029138806%	0.0029963618%	0.0032749000%	0.0010636000%	
District's proportionate share of the net pension liability (asset)	\$ 1,927,034	\$ 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	2,971,087	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	\$ 4,898,121	\$ 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	\$ 3,841,392	\$ 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	50.16%	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	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	

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

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 150,575	\$ 150,516	\$ 100,852	\$ 95,081	\$ 75,596	\$ 88,049	\$ 95,500	\$ 94,906	\$ 99,970	
Contributions in relation to the contractually required contribution	(150,575)	(150,516)	(100,852)	(95,081)	(75,596)	(88,049)	(95,500)	(94,906)	(99,970)	
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 4,016,399	\$ 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	3.75%	3.92%	2.77%	2.95%	2.67%	2.90%	3.00%	3.00%	3.09%	

* 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 **					
	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0061886611%	0.0050333634%	0.0048128470%	0.0043890351%	0.0051284537%	0.0072594574%
District's proportionate share of the collective net OPEB liability	\$ 1,481,813	\$ 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	\$ 1,807,579	\$ 2,601,302	\$ 2,458,518	\$ 2,758,046	\$ 2,657,476	\$ 2,572,008
Total	<u>\$ 3,289,392</u>	<u>\$ 4,542,895</u>	<u>\$ 4,288,098</u>	<u>\$ 4,833,675</u>	<u>\$ 5,218,160</u>	<u>\$ 5,728,874</u>
District's covered-employee payroll	\$ 3,841,392	\$ 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	38.57%	53.24%	56.80%	73.44%	84.25%	99.05%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

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

** The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

	Fiscal Year					
	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 61,910	\$ 68,438	\$ 50,130	\$ 42,129	\$ 35,777	\$ 42,434
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(61,910)	(68,438)	(50,130)	(42,129)	(35,777)	(42,434)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 4,016,399	\$ 3,841,392	\$ 3,646,697	\$ 3,220,828	\$ 2,826,384	\$ 3,039,477
Contributions as a percentage of covered-employee payroll	1.54%	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, 2023

Budget

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

- a. Prior to 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 SPECIAL REVENUE FUNDS
 AUGUST 31, 2023

Data Control Codes	240 National School Breakfast/Lunch Program	279 Texas COVID Learning Acceleration (TCLAS)	282 ESSER Fund III American Rescue Plan
ASSETS:			
1110 Cash and Cash Equivalents	\$ 90,100	\$ (2,480)	\$ (12,526)
1240 Due from Other Governments	14,624	2,480	12,526
1260 Due from Other Funds	--	--	--
1000 Total Assets	<u>104,724</u>	<u>--</u>	<u>--</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 1,953	\$ --	\$ --
2170 Due to Other Funds	47	--	--
2300 Unearned Revenue	--	--	--
2000 Total Liabilities	<u>2,000</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	102,724	--	--
3490 Other Restrictions of Fund Balance	--	--	--
3000 Total Fund Balances	<u>102,724</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 104,724</u>	<u>\$ --</u>	<u>\$ --</u>

EXHIBIT H-1

289 FEMA and Other Federal Programs	410 State Textbook Fund	461 Campus Activity Funds	499 Insurance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 147,676	\$ (10,218)	\$ 129,050	\$ 390,025	\$ 731,627
--	--	--	--	29,630
--	10,218	--	54,440	64,658
<u>147,676</u>	<u>--</u>	<u>129,050</u>	<u>444,465</u>	<u>825,915</u>
\$ --	\$ --	\$ --	\$ 18,575	\$ 20,528
6,950	--	--	67,254	74,251
2,298	--	--	--	2,298
<u>9,248</u>	<u>--</u>	<u>--</u>	<u>85,829</u>	<u>97,077</u>
138,428	--	--	--	241,152
--	--	129,050	358,636	487,686
<u>138,428</u>	<u>--</u>	<u>129,050</u>	<u>358,636</u>	<u>728,838</u>
<u>\$ 147,676</u>	<u>\$ --</u>	<u>\$ 129,050</u>	<u>\$ 444,465</u>	<u>\$ 825,915</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, 2023

Data Control Codes	211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	270 ESEA, Title V Part B, Subpart Rural School
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ 3,438	\$ --	\$ --
5800 State Program Revenues	--	17,449	--	--
5900 Federal Program Revenues	123,084	260,392	19,352	34,900
5020 Total Revenues	<u>123,084</u>	<u>281,279</u>	<u>19,352</u>	<u>34,900</u>
EXPENDITURES:				
Current:				
0011 Instruction	81,035	--	19,352	34,900
0012 Instructional Resources and Media Services	42,049	--	--	--
0033 Health Services	--	--	--	--
0035 Food Service	--	248,498	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0051 Facilities Maintenance and Operations	--	18,603	--	--
0052 Security and Monitoring Services	--	--	--	--
6030 Total Expenditures	<u>123,084</u>	<u>267,101</u>	<u>19,352</u>	<u>34,900</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	14,178	--	--
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
7080 Total Other Financing Sources and (Uses)	--	--	--	--
1200 Net Change in Fund Balances	--	14,178	--	--
0100 Fund Balances - Beginning	--	88,546	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ 102,724</u>	<u>\$ --</u>	<u>\$ --</u>

	279 Texas COVID Learning Acceleration (TCLAS)	281 ESSER Fund II of the CRRSA Act	282 ESSER Fund III of the American Rescue Plan Act	289 FEMA and Other Federal Programs	410 State Textbook Fund
2	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	11,898
	49,849	167,128	256,330	15,936	--
	<u>49,849</u>	<u>167,128</u>	<u>256,330</u>	<u>15,936</u>	<u>11,898</u>
	49,849	167,128	248,162	10,000	11,898
	--	--	--	--	--
	--	--	8,168	--	--
	--	--	--	--	--
	--	--	--	4,214	--
	--	--	--	--	--
	<u>49,849</u>	<u>167,128</u>	<u>256,330</u>	<u>14,214</u>	<u>11,898</u>
	--	--	--	1,722	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	1,722	--
	--	--	--	136,706	--
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 138,428</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, 2023

Data Control Codes	461 Campus Activity Funds	499 Insurance Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 119,533	\$ --	\$ 122,971
5800 State Program Revenues	--	110,237	139,584
5900 Federal Program Revenues	--	--	926,971
5020 Total Revenues	<u>119,533</u>	<u>110,237</u>	<u>1,189,526</u>
EXPENDITURES:			
Current:			
0011 Instruction	--	--	622,324
0012 Instructional Resources and Media Services	--	--	42,049
0033 Health Services	--	--	8,168
0035 Food Service	--	--	248,498
0036 Cocurricular/Extracurricular Activities	92,109	--	92,109
0051 Facilities Maintenance and Operations	--	108,834	131,651
0052 Security and Monitoring Services	--	22,168	22,168
6030 Total Expenditures	<u>92,109</u>	<u>131,002</u>	<u>1,166,967</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>27,424</u>	<u>(20,765)</u>	<u>22,559</u>
Other Financing Sources and (Uses):			
7915 Transfers In	<u>79,844</u>	--	<u>79,844</u>
7080 Total Other Financing Sources and (Uses)	<u>79,844</u>	--	<u>79,844</u>
1200 Net Change in Fund Balances	<u>107,268</u>	<u>(20,765)</u>	<u>102,403</u>
0100 Fund Balances - Beginning	<u>21,782</u>	<u>379,401</u>	<u>626,435</u>
3000 Fund Balances - Ending	<u>\$ 129,050</u>	<u>\$ 358,636</u>	<u>\$ 728,838</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, 2023

Year Ended August 31	1 Tax Rates		2	3 Assessed/Appraised Value For School Tax Purposes
	Maintenance	Debt Service		
2014 and Prior Years	\$ Various	\$ Various		\$ Various
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	.98	.25		471,192,970
2023 (School Year Under Audit)	.9426	.25		312,708,062
1000 Totals				

10 Beginning Balance 9/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/23
\$ 152,679	\$ --	\$ 83	\$ 24	\$ (64,014)	\$ 88,558
17,088	--	262	64	(7,513)	9,249
17,846	--	341	87	(7,716)	9,701
23,569	--	342	88	(7,771)	15,368
20,135	--	(1,415)	(399)	(10,386)	11,563
20,623	--	1,165	343	(8,036)	11,079
21,029	--	2,110	657	(7,428)	10,834
27,433	--	4,011	860	(6,312)	16,250
61,961	--	20,460	5,219	(9,982)	26,299
--	3,696,069	2,856,765	757,682	(5,962)	75,659
<u>\$ 362,362</u>	<u>\$ 3,696,069</u>	<u>\$ 2,884,124</u>	<u>\$ 764,625</u>	<u>\$ (135,120)</u>	<u>\$ 274,561</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
 AS OF AUGUST 31, 2023

<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.	\$ 397,397
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)	\$ 538,068
<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.	\$ 1,518
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 550

WOODSBORO INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 3,000	\$ 3,438	\$ 438
5800 State Program Revenues	52,000	17,449	(34,551)
5900 Federal Program Revenues	240,000	260,392	20,392
5020 Total Revenues	<u>295,000</u>	<u>281,279</u>	<u>(13,721)</u>
EXPENDITURES:			
Current:			
Student Support Services:			
0035 Food Services	301,083	248,498	52,585
Total Student Support Services	<u>301,083</u>	<u>248,498</u>	<u>52,585</u>
Support Services:			
0051 Facilities Maintenance and Operations	19,000	18,603	397
Total Support Services	<u>19,000</u>	<u>18,603</u>	<u>397</u>
6030 Total Expenditures	<u>320,083</u>	<u>267,101</u>	<u>52,982</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(25,083)	14,178	39,261
1200 Net Change in Fund Balance	<u>(25,083)</u>	<u>14,178</u>	<u>39,261</u>
0100 Fund Balance - Beginning	88,546	88,546	--
3000 Fund Balance - Ending	<u>\$ 63,463</u>	<u>\$ 102,724</u>	<u>\$ 39,261</u>

WOODSBORO INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 1,327,470	\$ 1,347,391	\$ 19,921
5800 State Program Revenues	85,442	22,177	(63,265)
5020 Total Revenues	<u>1,412,912</u>	<u>1,369,568</u>	<u>(43,344)</u>
EXPENDITURES:			
Debt Service:			
0071 Debt Service	1,095,000	1,095,000	--
0072 Interest on Long-Term Debt	290,288	313,765	(23,477)
0073 Bond Issuance Costs and Fees	33,200	6,400	26,800
Total Debt Service	<u>1,418,488</u>	<u>1,415,165</u>	<u>3,323</u>
6030 Total Expenditures	<u>1,418,488</u>	<u>1,415,165</u>	<u>3,323</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(5,576)	(45,597)	(40,021)
1200 Net Change in Fund Balance	<u>(5,576)</u>	<u>(45,597)</u>	<u>(40,021)</u>
0100 Fund Balance - Beginning	--	106,893	106,893
3000 Fund Balance - Ending	<u>\$ (5,576)</u>	<u>\$ 61,296</u>	<u>\$ 66,872</u>



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

555 N. Carancahua, Suite 1040
Corpus Christi, TX 78401
Telephone: (361) 993-1000
Fax: (361) 991-2880

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, 2023, 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 December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodsboro Independent School District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not 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

Corpus Christi, Texas
December 22, 2023



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

555 N. Carancahua, Suite 1040
Corpus Christi, TX 78401
Telephone: (361) 993-1000
Fax: (361) 991-2880

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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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,

A handwritten signature in blue ink that reads "Gowland, Morales & Smith, PLLC". The signature is written in a cursive, flowing style.

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
December 22, 2023

WOODSBORO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: May 2023

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>
School Lunch Program Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Non-Cash)
84.425U	ARP ESSER III

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

Auditee qualified as low-risk auditee? X Yes No

WOODSBORO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

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, 2023

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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NONE - N/A

WOODSBORO INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

NONE REQUIRED - N/A

WOODSBORO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

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	71402301	\$	\$ 83,991
National School Lunch Program (Non-cash)	10.555	196902	--	25,460
Supply Chain Assistance	10.555	196902		19,498
National School Lunch Program	10.555	71302301	--	131,442
Total ALN Number 10.555			--	176,400
Total Passed Through State Department of Education			--	260,391
Total U. S. Department of Agriculture			--	260,391
Total Child Nutrition Cluster			--	260,391
OTHER PROGRAMS:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Covid 19 School Health Support	93.323	196902		4,214
Total U. S. Department of Health and Human Services			--	4,214
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101196902	--	123,084
ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Grant	84.358A	S358A223916	--	34,900
ESEA Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	23694501196902	--	19,352
Title IV, Part A, Subpart 1	84.424A	2368010119690		10,000
ESSER Fund II of the CRRSA Act	84.425D	21521001196902	--	167,128
ESSER Fund III of the American Rescue Plan Act of 2021	84.425U	21528001196902	--	256,330
Texas COVID Learning Acceleration Supports (TCLAS)-State ESSER	84.425U	21528042196902	--	49,849
Total ALN Number 84.425U			--	306,179
Total Passed Through State Department of Education			--	660,643
Passed Through Texas Division of Emergency Management:				
Restart Hurricane Harvey	84.938A	196902		1,722
Total U. S. Department of Education			--	662,365
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
Pandemic EBT Food Benefits	10.542	196902		628
Total U. S. Department of Agriculture			\$ --	\$ 628
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ --	\$ 927,598
TOTAL EXPENDITURES OF FEDERAL AWARDS				927,598
School Health and Related Service				192,846
Medicaid				26,714
TOTAL EXHIBIT C-2				1,147,158

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, 2023

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 DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2023

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.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ --