



Financial Statements

August 31, 2022

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CERTIFICATE OF BOARD

Abilene Independent School District  
Name of School District

Taylor  
County

221-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved ✓ disapproved \_\_\_\_\_ for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the 9<sup>th</sup> day of January, 2023.

  
Signature of Board Secretary

  
Signature of Board President



## Independent Auditor's Report

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

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

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

#### *Basis for Opinions*

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

#### *Adoption of New Accounting Standard*

As discussed in Note 20 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the governmental activities net position as of September 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Responsibility 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, budgetary comparison information, pension plan schedules and OPEB plan schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 3, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 3, 2023



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

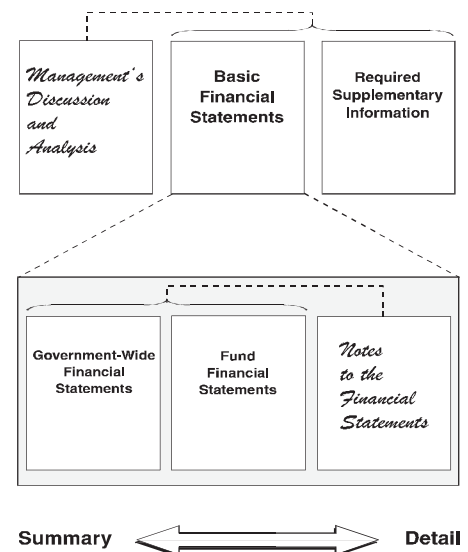
## FINANCIAL HIGHLIGHTS

- At August 31, 2022, the District's combined assets and deferred outflows fell below its liabilities and deferred inflows by \$20.5 million, net position. The unrestricted portion of (\$62.7 million) is due to the retroactive recognition of GASB 75 which requires the recognition of Other Post Employment Benefits (OPEB) on the Government-wide financial statements.
- The District's total net position increased by \$22.1 million. The primary reason for the increase is due to the repayment of long-term debt and additional federal revenues.
- The General Fund reported a total ending fund balance of \$57.8 million this year, up \$1.6 million from last year. Of the total, \$46.2 million is unassigned and \$5.9 million is assigned or committed for the 2018 Bond LIFT Project, Shotwell improvements, and other construction needs.
- In March 2022, the District issued a finance contract in the amount of \$22,400,000 to upgrade HVAC facilities.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an optional section that presents *combining statements* for non-major governmental funds and TEA required schedules. 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 include the internal service fund, which accounts for the District's workers compensation self-insurance plan. The activity of the internal service fund is included within the governmental activities in the government-wide financial statements.
  - *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.



The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The following 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.

#### 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 District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to businesses: self-insurance	Instances in which the District is the trustee or agent for someone else's accounts
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses and changes in fund net position	Statement of change in fiduciary net position
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus	Accrual accounting and economic measurement focus	Accrual accounting and economic measurement 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 60 days thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of year; expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

#### Government-Wide Statements

The government-wide financial statements, including the *Statement of Net Position* and the *Statement of Activities*, report on the District as a whole and are designed to provide readers with a broad overview of the District's finances. These statements are presented on the accrual basis of accounting similar to the accounting basis used by most private-sector entities.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. The *Statement of Activities* presents the increases and decreases in net position for the current fiscal year regardless of when cash is received or paid. Increases and decreases in net position over time may serve as one indicator of whether the financial position of the District is improving or deteriorating but should be considered with additional factors as well.

Government-wide financial statements of the District include: Government-wide financial statements distinguish net position and the changes in net position between *governmental activities*, which are supported principally by taxes and intergovernmental revenues, and *business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges.

### **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 established 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 three 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 one 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 fund statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds* – The District uses a proprietary fund to track the revenues and expenses related to their workers compensation self-insurance program. The various functions within the District are charged for their part of the insurance, which is then transferred to the proprietary fund. The proprietary fund is used to pay all expenses of the self-insurance program from the charges to the District functions. The activity in the self-insurance fund is reported in the statement of net position and statement of revenues, expenses and changes in net position of the proprietary fund.

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for certain funds. 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 in custodial funds and are reported in a separate statement of fiduciary net position and 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.** The following table presents comparative information of the government-wide financial statements (Exhibit A-1).

The District's Net Position (in thousands of dollars)			
	Governmental Activities		
	2022	2021 (as restated)	% Change
Current and Other Assets	\$ 79,720	\$ 84,886	-6.1%
Capital Assets	269,466	254,393	5.9%
Restricted Assets	21,845	6,022	262.8%
Total assets	371,031	345,301	7.5%
Deferred Outflows of Resources	29,135	28,531	2.1%
Current Liabilities	20,899	21,459	-2.6%
Long-Term Liabilities	335,800	347,948	-3.5%
Total liabilities	356,699	369,407	-3.4%
Deferred Inflows of Resources	63,934	46,981	36.1%
Net Investment in Capital Assets	17,979	20,842	-13.7%
Restricted	24,234	6,556	269.6%
Unrestricted	(62,680)	(69,954)	-10.4%
Total net position	\$ (20,467)	\$ (42,556)	-51.9%

The District's net investment in capital assets of \$18.0 million reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets and any unspent bond proceeds. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position of \$24.234 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(62.680 million) is unrestricted. At the end of the current fiscal year due to the recognition of the net OPEB liability and related deferred outflows and inflows of resources in accordance with GASB 75, the Abilene Independent School District was not able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental activities.

In prior years when recognition of GASB 75 was not required, Abilene ISD reported a positive net position and would this year without the recognition of the net OPEB liability and related deferred outflows and inflows.

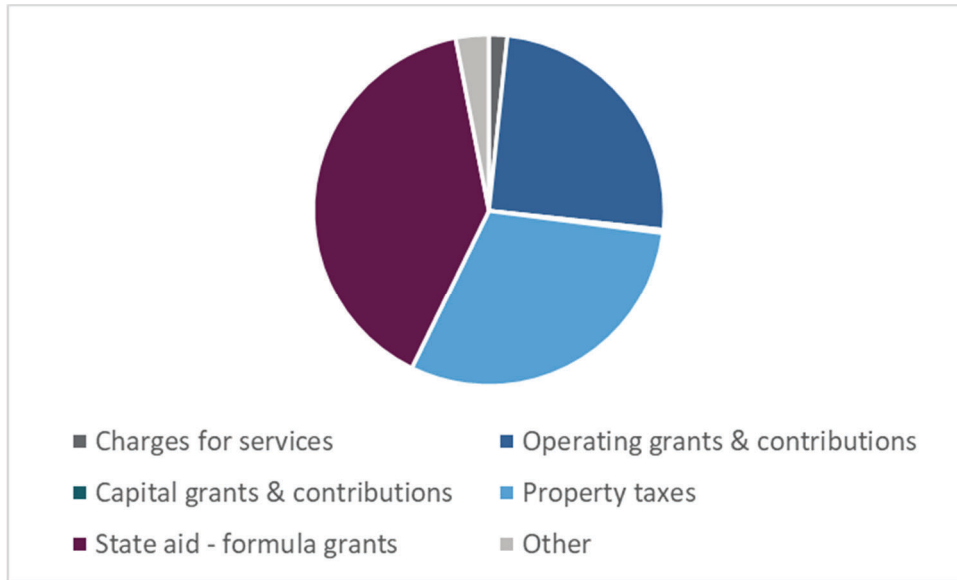
### Changes in Net Position

Total combined net position of the District increased by \$22.1 million during the year ended August 31, 2022. Funding for government-wide activities is through specific program revenues or general revenues such as property taxes and unrestricted grants and contributions. Unrestricted net position reflects a deficit created by the implementation of GASB 75 in a prior fiscal year. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability and related deferred outflows and inflows of resources. 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 to students and creditors.

#### Changes in the District's Net Position (in thousands of dollars)

	Governmental Activities		
	2022	2021 (as restated)	% Change
Revenues			
Program revenues			
Charges for services	\$ 5,560	\$ 3,556	56.4%
Operating grants & contributions	61,451	52,771	16.4%
Capital grants & contributions	37	648	100.0%
General revenues			
Property taxes	67,363	63,657	5.8%
State aid - formula grants	81,952	83,681	-2.1%
Other	2,591	3,552	-27.1%
Total revenues	<u>218,954</u>	<u>207,865</u>	5.3%
Expenses			
Instruction and instructional related activities	110,495	117,642	-6.1%
Instructional and school leadership	13,703	14,704	-6.8%
Support services - student (pupil)	32,395	32,516	-0.4%
Administrative support services	9,821	5,476	79.3%
Support services - nonstudent based	22,281	19,159	16.3%
Ancillary services	1,006	1,129	-10.9%
Debt services	6,593	7,419	-11.1%
JJAEP/intergovernmental charges	572	551	3.8%
Total expenses	<u>196,866</u>	<u>198,596</u>	-0.9%
Increase (Decrease) in Net Position	22,088	9,269	
Beginning Net Position	<u>(42,555)</u>	<u>(51,824)</u>	
Ending Net Position	<u>\$ (20,467)</u>	<u>\$ (42,555)</u>	

### Sources of Revenue for Fiscal Year 2022



### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

In the governmental fund financial statements (Exhibit C-2), total governmental fund revenues totaled \$223.0 million, up a little more than \$18.8 million (9.2%) from 2021.

- Local revenues were up \$3.2 million (4.7%) due to a significant increase in property values (7.18%)
- State program revenues decreased \$3.8 million (4.1%) compared to prior year mostly due to a decrease in State Foundation ADA funding
- Federal revenues increased \$19.5 million compared to prior year due to new ESSER funding.
- Expenditures in governmental fund types reflected a net decrease of \$12.7 million compared to last year. Although there were variances in spending levels across all functional categories, the most significant variance was a \$26.7 million decrease in Facilities Acquisition and Construction. Construction projects from the 2018 bond program are nearing completion and accounted for the decrease in construction spending.

### Governmental Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the original General Fund budgeted revenue and expenditures. The original budget included no estimated surplus. During the year, the Board approved amendments that resulted in a final amended budget deficit of \$26.9 million.

In the General Fund, actual expenditures were \$27.9 million (16.8%) less than the final budgeted amount of \$166.2 million (see Exhibit G-1). Variances resulted from the normal under spending that occurs each year. However, most of the variance is a result of the board approving several one-time capital expenditure projects utilizing excess General Fund Reserves – a new Shotwell Stadium press box, an entry vestibule at Alcorta Elementary, and multi-purpose indoor turf facilities at Abilene High and Cooper High Schools.

General Fund revenues and other resources were less than the \$139.3 million final amended budget by \$0.5 million. A \$28.5 million positive variance resulted between the final amended budgeted shortfall of \$26.9 million and the actual increase in fund balance of \$1.6 million.

The Child Nutrition Program had a budgeted increase in fund balance of \$2,546 (see Exhibit J-2) compared to an actual increase of \$2.1 million. The Debt Service fund reflected an actual increase of \$1.6 million (see Exhibit J-3), increasing fund balance to \$4,097,145.

### Proprietary Fund Highlights

The only proprietary fund the District operates is the Workers Compensation fund. The Workers Compensation fund had an operating increase of \$348 thousand (see Exhibit D-2) increasing net position to \$1,461,504.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2022, the District had \$269.5 million of net capital assets, including land, equipment, buildings, right-to-use leased assets and construction in progress (see table below). More detailed information about the District's capital assets is presented in Notes 4 and 5 to the financial statements.

#### District's Capital Assets (in thousands of dollars)

	Governmental Activities	
	2022	2021 (as restated)
Land	\$ 2,178	\$ 2,178
Construction in progress	-	452
Buildings and improvements	401,578	373,930
Furniture & equipment	31,371	29,804
	<u>435,127</u>	<u>406,364</u>
Totals at historical costs		
	435,127	406,364
Less accumulated depreciation for		
Buildings and improvements	(141,137)	(129,101)
Furniture & equipment	(25,687)	(24,122)
	<u>(166,824)</u>	<u>(153,223)</u>
Total accumulated depreciation		
	(166,824)	(153,223)
Right-to use leased assets	1,871	1,393
Less accumulated amortization for		
Right-to-use leased assets	(709)	(141)
	<u>(709)</u>	<u>(141)</u>
Net capital assets	<u>\$ 269,465</u>	<u>\$ 254,393</u>



### **Long-Term Debt**

At August 31, 2022, the District had total bonded debt outstanding of \$204.3 million. In March 2022, the District issued a finance contract in the amount of \$22,400,000 to upgrade HVAC facilities. More information on the District's long-term debt is presented in Note 15 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District approved a strategic plan for 2017-18 that outlined belief statements, strategic priorities, vision and a mission. The strategic plan focuses on student success and the plan has been instrumental in the budget development process. The budget was developed to help the District achieve the mission of the strategic plan, which is to engage and empower each student to be contributing, responsible citizens who reach their full potential through relevant, innovative and rigorous learning experiences.

On November 6, 2018, voters approved a \$138,679,000 bond package for the construction and renovation of District facilities. All of the bonds were issued in 2019. Planning for construction and renovation projects started in December 2018 and will continue until 2022. Construction on a new Austin Elementary and Taylor Elementary began in 2018-19. A new Dyess Elementary and the district's first career and technical education high school named the LIFT, began in 2019-20. A major renovation to Abilene High School and Cooper High School fine arts facilities, began in 2020-21.

On February 10, 2022, the Board approved several one-time capital expenditure projects utilizing excess General Fund Reserves. These included a new Shotwell Stadium press box, an entry vestibule at Alcorta Elementary, and multi-purpose indoor turf facilities at both Abilene High and Cooper High Schools. These projects are expected to be completed in 2023.

The 2022-23 General Fund adopted budget was set up at a deficit. The budget includes a district wide 2% employee compensation plan of midpoint based on the applicable assigned pay grades. In 2022-23, the budgeted revenue decreased by \$0.7 million from the prior year. The decrease is primarily attributable to the loss in state funding caused by the drop in ADA due to the pandemic. However, this deficit does not reflect the portion of payroll cost that has been reallocated to ESSER III. ESSER III funds will expire at the end of the 2023-2024 school year. Steps will be taken between now and then to reduce the future payroll burden on the General Fund.

Property values increased by 7.98% for 2022-2023 compared to a 7.18% increase the prior year. The 2022 tax year total District tax rate per \$100 of property value is at \$1.2093 with a Maintenance and Operations (M&O) rate of \$0.8809 and an Interest and Sinking (I&S) rate of \$0.3284.



#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative office at 241 Pine Street, Abilene, Texas 79601.

# Abilene Independent School District

## Statement of Net Position (Exhibit A-1)

August 31, 2022

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 8,104,708
1120	Current investments	61,335,489
1220	Property taxes receivable (delinquent)	1,849,982
1230	Allowance for uncollectible taxes	(943,752)
1240	Due from other governments	7,069,795
1250	Accrued interest	27,329
1290	Other receivables, net	19,608
1300	Inventories	1,264,328
1410	Prepaid expenses	992,510
	Capital Assets	
1510	Land	2,177,742
1520	Buildings and improvements, net	260,441,815
1530	Furniture and equipment, net	5,684,173
1550	Intangible asset - right-to-use leased asset, net	1,162,493
1800	Restricted Assets	21,844,825
1000	Total assets	371,031,045
	Deferred outflows of resources	
1705	Deferred outflows - pension	14,954,315
1706	Deferred outflows - OPEB	11,006,511
1710	Deferred charge for refunding	3,173,956
1700	Total deferred outflows of resources	29,134,782
	Liabilities	
2110	Accounts payable	3,222,745
2140	Interest payable	395,589
2150	Payroll deductions and withholdings	1,563,913
2160	Accrued wages payable	8,506,423
2180	Due to other governments	5,373,035
2200	Accrued expenses	444,893
2300	Unearned revenues	1,392,347
	Noncurrent liabilities	
2501	Due within one year	11,287,664
2502	Due in more than one year	250,485,538
2540	Net pension liability	23,186,331
2545	Net OPEB liability	50,840,837
2000	Total liabilities	356,699,315

# Abilene Independent School District

## Statement of Net Position (Exhibit A-1)

August 31, 2022

Data Control Codes		Governmental Activities
	Deferred Inflows of Resources	
2605	Deferred inflows - pension	27,304,794
2606	Deferred inflows - OPEB	36,628,725
2600	Total deferred inflows of resources	63,933,519
	Net Position	
3200	Net investment in capital assets	17,979,294
3820	Restricted for federal and state programs	3,075,695
3850	Restricted for debt service	7,565,935
3860	Restricted for construction	13,591,757
3900	Unrestricted	(62,679,688)
3000	Total net position	\$ (20,467,007)

Data Control Codes	Functions/Programs	Expenses
	Governmental Activities	
11	Instruction	\$ 104,409,683
12	Instructional resources and media services	2,193,130
13	Curriculum and staff development	3,891,727
21	Instructional leadership	3,332,102
23	School leadership	10,370,665
31	Guidance, counseling, and evaluation services	7,389,672
32	Social work services	1,931,075
33	Health services	2,490,741
34	Student (pupil) transportation	5,947,089
35	Food services	8,721,071
36	Extracurricular activities	5,915,248
41	General administration	9,820,777
51	Facilities maintenance and operations	15,408,275
52	Security and monitoring services	1,103,886
53	Data processing services	5,768,444
61	Community services	1,006,235
72	Debt service - interest on long term debt	6,286,131
73	Debt service - bond issuance cost and fees	306,805
81	Facilities acquisition and construction	-
95	Payments to juvenile justice alternative Ed. Prg.	46,855
99	Other intergovernmental charges	<u>524,963</u>
TG	Total governmental activities	<u>196,864,574</u>
TP	Total primary government	<u><u>\$ 196,864,574</u></u>

Abilene Independent School District

Statement of Activities (Exhibit B-1)

Year Ended August 31, 2022

			Net (Expense)
			Revenue and
			Changes in Net
			Position
Program Revenues			
3	4	5	6
Charges for	Operating	Capital	Primary Gov.
Services	Grants and	Grants and	Governmental
	Contributions	Contributions	Activities
\$ 4,165,147	\$ 29,910,073	\$ -	\$ (70,334,463)
63,755	211,866	-	(1,917,509)
-	2,165,136	-	(1,726,591)
-	727,264	-	(2,604,838)
-	1,566,549	-	(8,804,116)
-	3,117,552	-	(4,272,120)
-	1,392,562	-	(538,513)
-	1,167,169	-	(1,323,572)
-	266,296	-	(5,680,793)
450,365	10,567,206	-	2,296,500
871,168	78,300	-	(4,965,780)
-	8,287,260	-	(1,533,517)
9,355	591,067	-	(14,807,853)
-	290,035	-	(813,851)
-	71,180	-	(5,697,264)
-	469,737	-	(536,498)
-	571,717	-	(5,714,414)
-	-	-	(306,805)
-	-	36,904	36,904
-	-	-	(46,855)
-	-	-	(524,963)
5,559,790	61,450,969	36,904	(129,816,911)
\$ 5,559,790	\$ 61,450,969	\$ 36,904	(129,816,911)
General Revenues			
Taxes			
MT	Property taxes, levied for general purposes		48,780,611
DT	Property taxes, levied for debt service		18,582,058
SF	State aid - formula grants		81,952,299
GC	Grants and contributions not restricted		672,584
IE	Investment earnings		618,872
MI	Miscellaneous local and intermediate revenue		1,299,090
TR	Total general revenues		151,905,514
CN	Change in net position		22,088,603
NB	Net position, beginning		(42,555,610)
PA	Prior period adjustment		-
	Beginning net position, as restated		(42,555,610)
NE	Net position, ending		\$ (20,467,007)

Data Control Codes		10	599	699
		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and cash equivalents	\$ 4,000,843	\$ -	\$ 2,005,968
1120	Investments - current	56,266,360	-	-
1220	Property taxes receivable - delinquent	1,566,476	283,506	-
1230	Allowance for uncollectible taxes (credit)	(799,124)	(144,628)	-
1240	Receivables from other governments	16,174	-	-
1250	Accrued interest	-	-	27,329
1260	Due from other funds	6,240,754	-	5,965
1290	Other receivables	162	-	-
1300	Inventories	998,159	-	-
1410	Prepaid expenditures	992,510	-	-
1800	Restricted assets	3,776,379	5,439,592	12,628,854
1000	Total assets	73,058,693	5,578,470	14,668,116
1000a	Total assets and deferred outflows	\$ 73,058,693	\$ 5,578,470	\$ 14,668,116
Liabilities				
2110	Accounts payable	\$ 2,040,468	\$ -	\$ 1,076,359
2150	Payroll deductions and withholdings payable	1,563,913	-	-
2160	Accrued wages payable	6,471,974	-	-
2170	Due to other funds	7,596	299,164	-
2180	Due to other governments	4,278,874	1,094,161	-
2200	Accrued expenditures	39,240	-	-
2300	Unearned revenues	208,303	-	-
2000	Total liabilities	14,610,368	1,393,325	1,076,359
Deferred Inflows of Resources				
2600	Unavailable revenues - property taxes	628,819	88,000	-
	Total deferred inflows of resources	628,819	88,000	-
Fund Balance				
3410	Nonspendable - inventories	998,159	-	-
3430	Nonspendable - prepaid items	992,510	-	-
3450	Restricted - federal or state funds grant	-	-	-
3470	Restricted - capital acquisition and contractual obligation	-	-	13,591,757
3480	Restricted - debt service	3,776,379	4,097,145	-
3545	Committed - other	502,218	-	-
3590	Assigned - other	5,364,969	-	-
3600	Unassigned	46,185,271	-	-
3000	Total fund balances	57,819,506	4,097,145	13,591,757
4000	Total liabilities, deferred inflows, and fund balances	\$ 73,058,693	\$ 5,578,470	\$ 14,668,116

See Notes to Financial Statements

Abilene Independent School District  
Balance Sheet – Governmental Funds (Exhibit C-1)  
August 31, 2022

Total Nonmajor Funds	98 Total Governmental Funds
\$ 1,669,096	\$ 7,675,907
3,646,198	59,912,558
-	1,849,982
-	(943,752)
7,053,621	7,069,795
-	27,329
58,862	6,305,581
19,446	19,608
266,169	1,264,328
-	992,510
-	21,844,825
<u>12,713,392</u>	<u>106,018,671</u>
<u>\$ 12,713,392</u>	<u>\$106,018,671</u>
\$ 105,918	\$ 3,222,745
-	1,563,913
2,034,449	8,506,423
5,998,821	6,305,581
-	5,373,035
15,425	54,665
1,184,044	1,392,347
<u>9,338,657</u>	<u>26,418,709</u>
-	716,819
<u>-</u>	<u>716,819</u>
266,169	1,264,328
-	992,510
2,809,526	2,809,526
-	13,591,757
-	7,873,524
299,040	801,258
-	5,364,969
-	46,185,271
<u>3,374,735</u>	<u>78,883,143</u>
<u>\$ 12,713,392</u>	<u>\$106,018,671</u>

Abilene Independent School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1r)

August 31, 2022

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Total Fund Balances - Governmental Funds \$ 78,883,143

The District uses internal service fund to charge the costs of certain activities, such as workers compensation, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position. 1,461,504

Capital assets, net of accumulated depreciation, are not financial resources and therefore are not reported as assets in the governmental funds. 269,466,223

Some liabilities, including bonds payable are not due and payable in the current year and therefore are not reported in the funds:

Bonds payable and tax maintenance notes	(209,775,246)	
Deferred charge on refunding	3,173,956	
Unamortized premiums on bonds payable	(21,934,597)	
Accumulated accretion on capital appreciation bonds	(6,610,605)	
Compensated absences payable	(501,712)	
Finance contract	(21,717,884)	
Leases payable	<u>(1,233,158)</u>	(258,599,246)

Accrued interest is not due and payable in the current year and therefore is not reported as a liability in the governmental funds. (395,589)

Certain assets are not available to pay for current year expenditures and therefore are deferred in the funds. These are:

Deferred inflows of resources for property taxes	716,819
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The government-wide statements includes the District's proportionate share of the TRS net pension liabilities and TRS-Care net OPEB liabilities, as well as certain pension and OPEB related transactions accounted for as deferred inflows and outflows of resources:

Net pension liability	(23,186,331)	
Deferred outflows of resources - TRS pension	14,954,315	
Deferred inflows of resources - TRS pension	(27,304,794)	
Net OPEB liability	(50,840,837)	
Deferred outflows of resources - TRS-Care OPEB	11,006,511	
Deferred inflows of resources - TRS-Care OPEB	<u>(36,628,725)</u>	<u>(111,999,861)</u>

Net Position of Governmental Activities (See A-1)	<u><u>\$ (20,467,007)</u></u>
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Data Control Codes		10	599	699
		General Fund	Debt Service Fund	Capital Projects Fund
	Revenues			
5700	Total local and intermediate sources	\$ 50,939,092	\$ 18,750,395	\$ 110,838
5800	State program revenues	89,074,600	563,076	-
5900	Federal program revenues	8,588,737	-	-
5020	Total revenues	148,602,429	19,313,471	110,838
	Expenditures			
	Current			
0011	Instruction	73,007,982	-	590,018
0012	Instructional resources and media services	1,995,090	-	420
0013	Curriculum and instructional staff development	2,004,273	-	-
0021	Instructional leadership	2,910,390	-	-
0023	School leadership	8,527,155	-	126,248
0031	Guidance, counseling and evaluation services	4,544,502	-	-
0032	Social work services	694,004	-	-
0033	Health services	1,412,891	-	-
0034	Student (pupil) transportation	5,803,795	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	5,023,142	-	-
0041	General administration	5,331,803	-	-
0051	Facilities maintenance and operations	15,752,096	-	23,634
0052	Security and monitoring services	834,459	-	-
0053	Data processing services	5,880,963	-	-
0061	Community services	636,406	-	-
	Debt service			
0071	Principal on long term debt	1,167,807	8,965,000	-
0072	Interest on long term debt	608,286	8,440,212	-
0073	Bond issuance cost and fees	665	306,140	-
	Capital outlay			
0081	Facilities acquisition and construction	1,531,781	-	25,648,931
	Intergovernmental			
0095	Payments to juvenile alternative Ed. Prg.	46,855	-	-
0099	Other intergovernmental charges	524,963	-	-
6030	Total expenditures	138,239,308	17,711,352	26,389,251
1100	Excess (deficiency) of revenues over (under) expenditures	10,363,121	1,602,119	(26,278,413)
	Other financing sources (uses)			
7912	Sale of real and personal property	74,313	-	-
7913	Proceeds from capital leases	478,162	-	-
7914	Proceeds from loans	-	-	22,400,000
7915	Transfers in	-	-	9,384,993
7949	Other miscellaneous sources	82,361	-	-
8911	Transfers out	(9,384,993)	-	-
8949	Other miscellaneous uses	-	-	-
7080	Total other financing sources (uses)	(8,750,157)	-	31,784,993
1200	Net change in fund balances	1,612,964	1,602,119	5,506,580
0100	Fund balance, beginning	56,206,542	2,495,026	8,085,177
3000	Fund balance, ending	\$ 57,819,506	\$ 4,097,145	\$ 13,591,757

See Notes to Financial Statements

Abilene Independent School District

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)

Year Ended August 31, 2022

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Total Nonmajor Funds	98 Total Governmental Funds
\$ 1,458,229	\$ 71,258,554
1,158,737	90,796,413
52,392,559	60,981,296
<u>55,009,525</u>	<u>223,036,263</u>
28,206,633	101,804,633
180,666	2,176,176
2,108,681	4,112,954
654,626	3,565,016
1,355,899	10,009,302
2,963,997	7,508,499
1,356,267	2,050,271
1,117,168	2,530,059
170,978	5,974,773
9,108,761	9,108,761
16,094	5,039,236
4,410,118	9,741,921
415,041	16,190,771
284,190	1,118,649
29,800	5,910,763
449,687	1,086,093
8,136	10,140,943
505	9,049,003
-	306,805
36,904	27,217,616
-	46,855
-	524,963
<u>52,874,151</u>	<u>235,214,062</u>
<u>2,135,374</u>	<u>(12,177,799)</u>
4,259	78,572
-	478,162
-	22,400,000
-	9,384,993
-	82,361
-	(9,384,993)
(48,759)	(48,759)
<u>(44,500)</u>	<u>22,990,336</u>
2,090,874	10,812,537
1,283,861	68,070,606
<u>\$ 3,374,735</u>	<u>\$ 78,883,143</u>

Abilene Independent School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities (Exhibit C-2r)  
Year Ended August 31, 2022

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Total Net Change in Fund Balances - Governmental Funds \$ 10,812,537

The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The change in net position of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase net position. 348,229

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Total additions for the current year which were removed from fund expenditures amounted to \$29,456,053. Depreciation expense charged to the statement of activities totaled \$13,766,766. Amortization expense charged to the statement of activities totaled \$568,334. Remaining net book value of disposed assets reported on the statement of activities totaled \$47,962. The net effect is an increase in net position. 15,072,991

Amortization of the premiums on the Series 2012, 2014, 2019 and 2020 bonds of \$3,035,818 was recorded, which increases net position. 3,035,818

Certain revenues are recorded in the fund financial statements when the revenue is received. In the statement of activities, revenues are recognized when earned regardless of when received. Recognizing deferred tax revenues of \$716,819 and removing the prior year's tax revenue of \$657,573 results in a net increase in net position. 59,246

Government funds report debt proceeds as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing loan proceeds of \$22,400,000 and capital lease proceeds of \$478,162 is to decrease net position. (22,878,162)

Repayment of bond principal, loan, and lease payments of \$10,140,943 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not an expense on the statement of activities. This increases net position. Net increase in accreted interest on capital appreciation bonds of \$120,155 increases long-term liabilities. The increase in accrued interest payable of \$3,173 decreases net position in the government wide financial statements. Finally, amortization of deferred charge on bond refunding of \$149,618 decreases net position. The net result of all of the above adjustments is a net increase to the change in net position. 9,867,997

The decrease in compensated absences payable is an expenditure in the governmental funds when paid, but the payment for these is not an expense in the statement of activities. This represents the net decrease to the compensated absences payable. 27,043

Abilene Independent School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities (Exhibit C-2r)  
Year Ended August 31, 2022

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Changes in the deferred outflows of resources, deferred inflows of resources and net pension liability must be recorded as expenses. Changes in contributions made after measurement date caused the change in net position to increase in the amount of \$1,024,927. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$1,979,216. The net effect is a increase in net position.	3,004,143
Changes in the deferred outflows of resources, deferred inflows of resources and net OPEB liability must be recorded as expenses. Changes in contributions made after measurement date caused the change in net position to increase in the amount of \$151,945. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the OPEB expense must be recognized. These cause the change in net position to increase in the amount of \$2,586,816. The net effect is an increase in net position.	<u>2,738,761</u>
Change in Net Position of Governmental Activities (See B-1)	<u><u>\$ 22,088,603</u></u>

Abilene Independent School District  
Statement of Net Position – Proprietary Fund (Exhibit D-1)  
August 31, 2022

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	Governmental Activities Internal Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 428,801
Investments - current	<u>1,422,931</u>
Total assets	<u>1,851,732</u>
Liabilities	
Current liabilities	
Accrued expenses	<u>390,228</u>
Total liabilities	<u>390,228</u>
Net Position	
Unrestricted net position	<u>1,461,504</u>
Total net position	<u><u>\$ 1,461,504</u></u>

Abilene Independent School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund (Exhibit D-2)  
Year Ended August 31, 2022

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	Governmental Activities <u>Internal Service Fund</u>
Operating revenues	
Local and intermediate sources	\$ 753,225
Total operating revenues	<u>753,225</u>
Operating expenses	
Professional and contracted services	9,000
Other operating costs	<u>404,043</u>
Total operating expenses	<u>413,043</u>
Operating income	340,182
Nonoperating revenues	
Earnings from temporary deposits and investments	<u>8,047</u>
Total nonoperating revenues	<u>8,047</u>
Change in net position	348,229
Total net position, beginning	<u>1,113,275</u>
Total net position, ending	<u><u>\$ 1,461,504</u></u>

Abilene Independent School District  
Statement of Cash Flows –Proprietary Fund (Exhibit D-3)  
Year Ended August 31, 2022

	Governmental Activities Internal Service Fund
Operating activities	
Charges for services	\$ 753,225
Cash payments for other operating costs	(9,000)
Cash payments for claims and contracted services	(365,874)
Net cash from operating activities	378,351
Noncapital financing activities	
Cash received from other funds	80,126
Net cash from noncapital financing activities	80,126
Investing activities	
Purchases of short-term investments	(37,723)
Interest on investments	8,047
Net cash used for investing activities	(29,676)
Net change in cash and cash equivalents	428,801
Cash and cash equivalents - beginning of the year	-
Cash and cash equivalents - end of the year	\$ 428,801
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 340,182
Adjustments to reconcile operating income to net cash from operating activities	
Change in assets and liabilities	
Accrued expenses	38,169
Net cash from operating activities	\$ 378,351

Abilene Independent School District  
Statement of Fiduciary Net Position – Fiduciary Fund (Exhibit E-1)  
August 31, 2022

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	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 450,575
Other receivables	<u>1,820</u>
Total assets	<u><u>\$ 452,395</u></u>
Liabilities	
Accounts payable	<u>\$ 684</u>
Total liabilities	<u>684</u>
Net position	
Restricted for student activities	<u>451,711</u>
Total net position	<u><u>\$ 451,711</u></u>



Abilene Independent School District  
Statement of Changes in Fiduciary Net Position – Fiduciary Fund (Exhibit E-2)  
Year Ended August 31, 2022

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	Custodial Fund
	<u>                    </u>
Additions	
Contributions	\$      632,385
	<u>                    </u>
Total additions	<u>            632,385            </u>
Deductions	
Instruction	459,196
Extracurricular activities	<u>156,324</u>
	<u>                    </u>
Total deductions	<u>            615,520            </u>
Change in net position	16,865
Net position, beginning	<u>            434,846            </u>
Net position, ending	<u><u>            \$      451,711            </u></u>

**Note 1 - Reporting Entity**

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Abilene Independent School District (the District). The public elects the members of the Board of Trustees. The Trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the Trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Service Fund, a governmental fund type, accounts for financial resources that are restricted, committed or assigned for principal and interest on long-term debt of governmental activities.
- The Capital Projects Fund accounts for the bond resources restricted to build, acquire, and renovate major general capital assets, funded by bond and debt issuances.

The government reports the following proprietary funds:

- Internal service funds account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs (such as workers compensation insurance) to the users of the support services.

Additionally, the government reports the following nonmajor funds:

- The Special Revenue Funds, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.
- The Custodial fund, a fiduciary fund type, accounts for resources held for others in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the worker's compensation insurance internal service fund are District contributions. Operating expenses include claims expense and administrative expense for administering the insurance fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the District are reported at fair value or amortized cost. The local government investment pools are operated in accordance with appropriate state laws and regulations.

### **Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

### **Inventories**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

### **Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the statement of net position. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Buildings and improvements	20-40
Furniture and equipment	5-20

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

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

### **Deferred Outflows/Inflows of Resources**

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, unavailable revenue from property taxes and for its proportionate share of TRS's deferred inflow related to pensions as described in Note 8 and its OPEB liability as described in Note 9. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has deferred outflows of resources for deferred charges on refunded debt, for its proportionate share of TRS's deferred outflow related to pensions as described in Note 8, and for its proportionate share of TRS-Care's deferred outflow related to OPEB as described in Note 9.

### **Pensions**

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

**OPEB**

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 relating 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. The General Fund is typically used to liquidate OPEB liabilities.

**Restricted Assets**

Certain resources have been set aside for the repayment of bonds payable or for use in construction projects. The assets and related payables are classified as restricted because their use is limited by applicable bond covenants. Restricted assets at August 31, 2022 were as follows:

General Fund- QSCB sinking fund	\$ 3,776,379
2019 Capital Projects Fund- bond proceeds	12,628,854
Debt Service Fund- I&S taxes	<u>5,439,592</u>
	<u><u>\$ 21,844,825</u></u>

**Implementation of GASB Statement No. 87**

As of September 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 20 and the additional disclosures required by this standard is included in Note 16.

**Use of Estimates**

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

**New Accounting Pronouncements****GASB Statement No. 89: *Accounting for Interest Cost Incurred Before the End of a Construction Period.***

Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 91: *Conduit Debt Obligations.*** Statement 91 was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

**GASB Statement No. 92: *Omnibus 2020.*** Statement 92 was issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This standard becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 93: *Replacement of Interbank Offered Rates.*** Statement 93 was issued in March 2020. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This standard became effective for the District in fiscal year 2021. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*** Statement 94 was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

**GASB Statement No. 95: *Postponement of Effective Dates of Certain Authoritative Guidance*.** Statement 95 was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This standard became effective for the District in fiscal year 2020. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 96: *Subscription-Based Information Technology Arrangements*.** Statement 96 was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset— an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

**GASB Statement No. 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.** Statement 97 was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This standard becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements.

**GASB Statement No. 98: *The Annual Comprehensive Financial Report*.** Statement 98 was issued in October 2021. This Statement establishes the term “annual comprehensive financial report” and its acronym “ACFR”. That new term and acronym replace instances of “comprehensive annual financial report” and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for “comprehensive annual financial report” sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. This standard becomes effective for fiscal years ending after December 15, 2021. The District has implemented this statement.



**GASB Statement No. 99: *Omnibus 2022*.** Statement 99 was issued in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement include the classification and reporting of derivative instruments within the scope of *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. Clarification of provisions in *Statement No. 87, Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in *Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Clarification of provisions in *Statement No. 96, Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP). Disclosures related to nonmonetary transactions. Pledges of future revenues when resources are not received by the pledging government. Clarification of provisions in *Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended, related to the focus of the government-wide financial statements. Terminology updates related to certain provisions of *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Terminology used in Statement 53 to refer to resource flows statements.

The requirements of Statement 99 that are related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District has not yet determined the impact of this statement.

**GASB issued Statement No. 100, *Accounting Changes and Error Corrections*.** Statement 100 was issued in June 2022 and is an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

**GASB issued Statement No. 101, *Compensated Absences*.** Statement 101 was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

## **Note 2 - Stewardship, Compliance and Accountability**

### **Budgetary Information**

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting Resource module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Special Revenue Fund. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

### **Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. Outstanding encumbrances at August 31, 2022 amounted to \$5,364,969 and are reported as assigned fund balance in the General Fund.

### **Note 3 - Fair Value Measurements**

GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

#### **Note 4 - Detailed Notes on All Funds**

##### **Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At August 31, 2022, the bank balance of \$22,387,739 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts. Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$31,832,474 at August 31, 2022, held by First Financial Bank, N.A. Because First Financial Bank, N.A. holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were on deposit with the contracted depository.

##### **Investments**

The Texas legislature passed the Public Funds Investment Act of 1995 ("Public Funds Investment Act") which authorizes the District to invest its excess funds in the following:

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm,
- Commercial paper having a stated maturity of 365 days or fewer from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit,
- Guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds,
- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and Secured corporate bonds rated not lower than "AA—" or the equivalent.

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the District materially adhered to the requirements of the Public Funds Investment Act. Additionally, investment practices of the District were in accordance with local policies, which are more restrictive than state statutes.

As of August 31, 2022, the following are the cash equivalents and investments held by the District, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Credit Rating
Cash	\$ 21,184,137	23.09%	\$ 21,184,137	23.09%	\$ 21,184,137	\$ -	N/A
Repurchase agreements	3,776,379	4.12%	3,776,379	4.12%	3,776,379	-	N/A
Total cash and cash equivalents	24,960,516	27.21%	24,960,516	27.21%	24,960,516	-	
Investment Pools							
TexPool	66,775,081	72.79%	66,775,081	72.79%	66,775,081	-	AAAm
Total cash, cash equivalents and investments	<u>\$ 91,735,597</u>	<u>100%</u>	<u>\$ 91,735,597</u>	<u>100%</u>	<u>\$ 91,735,597</u>	<u>\$ -</u>	

Investment Pools are measured at amortized cost or net asset value, i.e. fair value. As such, these investments are not required to be reported in the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

### Interest Rate Risk

The District's investment policy states that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

### Credit Risk

The District's investments in Local Government Investment Pools (LGIP's) include: TexPool. This is a public fund investment pool operating in full compliance with the Public Funds Investment Act. TexPool is rated "AAAm" by Standard and Poor's.

**Concentration of Credit Risk**

The District's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Custodial Credit Risk – Deposits**

This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. All deposits not covered by FDIC insurance but held in the depository bank, First Financial Bank, N.A., were fully collateralized.

**Foreign Currency Risk**

As of August 31, 2022, there are no foreign currency investments in the District's portfolio.

**Restricted Assets**

The nature and restrictions associated with assets reported in object code 1800, Restricted Assets is as follows:

Cash and equivalents	
Restricted for QCSB debt service	\$ 3,776,379
Restricted for capital projects	12,628,854
	<u>16,405,233</u>
Investments	
Restricted for debt services	5,439,592
Total restricted assets	<u>\$ 21,844,825</u>

**Property Tax**

In the fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions) on January 1, 2021, upon which the levy for the August 31, 2022 fiscal year was based, was \$5,324,439,064. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended August 31, 2022 were 98.00% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$906,230. The tax rate to finance general governmental services was \$0.9249 per \$100 and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.3535 per \$100 for the year ended August 31, 2022.

### Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. In the fund financial statements, amounts due from federal and state governments as of August 31, 2022 are summarized below.

Fund	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ -	\$ 16,174	\$ 16,174
Nonmajor Governmental Funds	62,537	6,991,084	7,053,621
	<u>\$ 62,537</u>	<u>\$ 7,007,258</u>	<u>\$ 7,069,795</u>

### Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2022 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Debt Service Fund	299,164	-
Capital Projects Fund	-	5,965
Nonmajor Governmental Funds	5,941,590	1,631
Debt Service Fund		
General Fund	-	299,164
Capital Projects Fund		
General Fund	5,965	-
Nonmajor Governmental Funds		
General Fund	1,631	5,941,590
Nonmajor Governmental Funds	57,231	57,231
Totals	\$ 6,305,581	\$ 6,305,581

These interfund receivables and payables were recorded to eliminate cash deficit balances and to record temporary borrowings until the fund is reimbursed by grantor agencies.

Interfund transfers during the year ended August 31, 2022, consisted of the following individual balances:

	Transfer In	Transfer Out
General Fund		
Capital Projects Fund	\$ -	\$ 9,384,993
Capital Projects Fund		
General Fund	9,384,993	-
Totals	\$ 9,384,993	\$ 9,384,993

The interfund transfer between the General Fund and the Capital Projects Fund is due to the sale of the old Taylor Elementary campus. The Board assigned these proceeds to the Capital Projects Fund to offset the cost of the ongoing 2019 bond projects, including the construction of a new Taylor Elementary campus.



**Note 5 - Capital Assets**

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

	Beginning Balance, restated	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,177,742	\$ -	\$ -	\$ 2,177,742
Construction in progress	452,115	10,416,095	(10,868,210)	-
Total capital assets, not being depreciated	2,629,857	10,416,095	(10,868,210)	2,177,742
Capital assets, being depreciated:				
Buildings and improvements	373,929,988	27,717,995	(69,545)	401,578,438
Furniture and equipment	29,804,017	1,712,011	(144,932)	31,371,096
Total capital assets being depreciated	403,734,005	29,430,006	(214,477)	432,949,534
Less accumulated depreciation for				
Buildings and improvements	(129,101,210)	(12,056,996)	21,583	(141,136,623)
Furniture and equipment	(24,122,085)	(1,709,770)	144,932	(25,686,923)
Total accumulated depreciation	(153,223,295)	(13,766,766)	166,515	(166,823,546)
Total capital assets being depreciated, net	250,510,710	15,663,240	(47,962)	266,125,988
Right-to use leased assets being amortized				
Buildings and improvements	276,130	-	-	276,130
Furniture and equipment	1,117,096	478,162	-	1,595,258
Total right-to-use leased assets being amortized	1,393,226	478,162	-	1,871,388
Less accumulated amortization for				
Buildings and improvements	-	(34,517)	-	(34,517)
Furniture and equipment	(140,561)	(533,817)	-	(674,378)
Total accumulated amortization	(140,561)	(568,334)	-	(708,895)
Total leased assets being amortized, net	1,252,665	(90,172)	-	1,162,493
Governmental activities capital assets, net	<u>\$ 254,393,232</u>	<u>\$ 25,989,163</u>	<u>\$ (10,916,172)</u>	<u>\$ 269,466,223</u>

Construction in progress consists primarily of a new Shotwell Stadium press box, an entry vestibule at Alcorta Elementary, and multi-purpose indoor turf facilities at both Abilene High and Cooper High Schools. The estimated costs to complete these projects is \$20.9 million.

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 8,971,471
Instructional resources and media	161,777
School leadership	1,044,947
Guidance, counseling and evaluation services	341,393
Social work services	30,080
Health services	126,306
Student transportation	861,064
Food service	65,562
Extracurricular activities	1,085,481
General administration	363,851
Facilities maintenance and operations	351,628
Security and monitoring services	103
Data processing services	361,662
Community services	1,441
	<u>          </u>
Total depreciation expense - governmental activities	<u>\$ 13,766,766</u>

Amortization expense for governmental activities was charged to the District's functions as follows:

Instruction	<u>\$ 568,334</u>
Total amortization expense - governmental activities	<u>\$ 568,334</u>

#### **Note 6 - Risk Management**

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

#### **Note 7 - Contingencies**

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2022, 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.

## **Note 8 - Defined Benefit Pension Plan**

### **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). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401 (a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

### **Pension Plan Fiduciary Net Position**

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

### **Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 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.

## Contributions

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

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

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%

	2021	2022
Member Contributions	\$ 8,709,519	\$ 9,729,571
NECE On-Behalf Contributions	6,169,465	5,760,647
Employer Contributions	3,846,127	4,871,054

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

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

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

### Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation rolled forward to August 31, 2021 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Market value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

### Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and State contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

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

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

<b>Teacher Retirement System of Texas</b>			
<b>Asset Allocation and Long-Term Expected Real Rate of Return as of August 31, 2021</b>			
<b>Asset Class<sup>4</sup></b>	<b>Target Allocation<sup>1</sup></b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>2</sup></b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy and Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity			
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag <sup>3</sup>			-0.95%
Totals	100.0%		6.90%

<sup>1</sup> Target Allocation based on FY 2021 policy manual.

<sup>2</sup> Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

<sup>4</sup> Absolute Return includes Credit Sensitive instruments.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	in Discount Rate (6.25%)	Discount Rate (7.25%)	in Discount Rate (8.25%)
Total TRS net pension liability	\$ 55,648,259,551	\$ 25,466,461,134	\$ 979,861,293
District's proportionate share of the net pension liability	\$ 50,665,812	\$ 23,186,331	\$ 892,130

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

At August 31, 2022, the District reported a liability of \$23,186,331 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 23,186,331
State's proportionate share that is associated with the District	36,752,830
Total	<u>\$ 59,939,161</u>

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

At August 31, 2021, the employer's proportion of the collective net pension liability was .09104654% which was an increase of .004447% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation**

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

# Abilene Independent School District

## Notes to Financial Statements

August 31, 2022

For the year ended August 31, 2022, the District recognized pension expense of \$1,906,172 and revenue of \$6,158,759 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,802	\$ 1,632,336
Changes in actuarial assumptions	8,195,915	3,572,716
Difference between projected and actual investment earnings	-	19,441,437
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,848,544	2,658,305
Contributions paid to TRS subsequent to the measurement date	4,871,054	-
Total	<u>\$ 14,954,315</u>	<u>\$ 27,304,794</u>

\$4,871,054 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending August 31, 2023.

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

Year Ended August 31	Pension Expense Amount
2023	\$ (3,132,688)
2024	(3,197,254)
2025	(4,867,760)
2026	(6,088,246)
2027	7,444
Thereafter	56,971
Total	<u>\$ (17,221,533)</u>



**Note 9 - Postemployment Health Benefits****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 that has 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 the 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.

**OPEB Plan Fiduciary Net Position**

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

**Benefits Provided**

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

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

## Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contribution Rates			
	2021	2022	
Active employee	0.65%	0.65%	
Non-employer contributing entity (State)	1.25%	1.25%	
Employers	0.75%	0.75%	
Federal/private Funding remitted by employers	1.25%	1.25%	
	2021	2022	
Employer contributions	\$ 1,008,593	\$ 1,160,538	
Member contributions	735,219	753,965	
NECE on-behalf contributions	1,253,620	1,159,355	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations authorized by Senate Bill 1264 of the 86<sup>th</sup> Legislature as the Non-Employer Contributing Entity in the amount of \$5.5 million in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

**Actuarial Assumptions**

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for the TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension plan actuarial valuation that was rolled forward to August 31, 2021:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	

The active mortality rates were based on 90% 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 Rates. 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, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Single discount rate	1.95% as of August 31, 2021
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	4.25% to 8.50%  The initial medical trend rates were 8.50% for Medicare retirees and 7.10% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65; 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**Discount Rate**

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

The source of the municipal bond 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.”

**Discount Rate Sensitivity Analysis**

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

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Total TRS net OPEB liability	\$ 46,529,697,637	\$ 38,574,468,613	\$ 32,313,444,468
District's proportionate share of the net OPEB liability	\$ 61,325,764	\$ 50,840,837	\$ 42,588,858

### Healthcare Cost Trend Rate Sensitivity Analysis

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

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Total TRS net OPEB liability	\$ 31,244,041,262	\$ 38,574,468,613	\$ 48,410,081,189
District's proportionate share of the net OPEB liability	\$ 41,179,393	\$ 50,840,837	\$ 63,804,094

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

At August 31, 2022, the District reported a liability of \$50,840,837 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	\$ 50,840,837
State's proportionate share that is associated with the District	<u>68,115,391</u>
Total	<u><u>\$ 118,956,228</u></u>

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

At August 31, 2021, the District's proportion of the collective Net OPEB Liability was 0.1317991889% compared to 0.1304466% as of August 31, 2020.

### Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended August 31, 2022, the District recognized OPEB benefit of \$1,557,163 and revenue of \$1,379,503 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,188,939	\$ 24,610,522
Changes in actuarial assumptions	5,631,220	10,751,896
Difference between projected and actual investment earnings	55,196	-
Changes in proportion and difference between District contributions and the proportionate share of contributions	1,970,618	1,266,307
Contributions paid to TRS subsequent to the measurement date	1,160,538	-
Total	<u>\$ 11,006,511</u>	<u>\$ 36,628,725</u>

\$1,160,538 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended August 31, 2023.

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

<u>Year Ended August 31</u>	<u>OPEB Expense Amount</u>
2023	\$ (5,216,300)
2024	(5,217,545)
2025	(5,217,204)
2026	(3,878,941)
2027	(2,067,160)
Thereafter	<u>(5,185,602)</u>
Total	<u>\$ (26,782,752)</u>

#### **Medicare Part D**

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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$490,708, \$507,965 and \$524,250 for the years ended August 31, 2022, 2021 and 2020, respectively.

#### **Note 10 - Workers Compensation and Health Insurance**

During the year ended August 31, 2022, employees of the District were covered by a third party commercial health insurance (the Plan). The District has paid premiums of \$410 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator acting on behalf of a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The plan is accounted for in the general fund.

The contract between the District and the third-party administrator is renewable annually on September 1, and terms of coverage and premium costs are included in the contractual provisions.

The District's workers' compensation plan is administered by an independent claims administrator who reviews and processes all workers' compensation claims. The District pays each month an amount equal to the actual paid losses plus a fee based on the number of claimants. The District has in place specific stop loss coverage of \$400,000 for any one accident or occurrence up to a maximum limit of \$1,000,000.



The following is a reconciliation of workers' compensation claims during the previous two years:

	2022	2021
Claims payable beginning of year	\$ 352,059	\$ 193,666
Claims incurred	404,043	562,446
Claims paid	(365,874)	(404,053)
Claims payable end of year	<u>\$ 390,228</u>	<u>\$ 352,059</u>

#### Note 11 - Unearned Revenue

Unearned revenue at year-end in the fund financial statements consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Athletic ticket sales, lost textbooks, and parking receipts	\$ 208,303	\$ -	\$ 208,303
State and local grant revenue	-	1,172,607	1,172,607
Federal grant revenue	-	11,437	11,437
	<u>\$ 208,303</u>	<u>\$ 1,184,044</u>	<u>\$ 1,392,347</u>

#### Note 12 - Revenues from Local and Intermediate Sources

For the year ended August 31, 2022, revenues from local and intermediate sources reported in the fund financial statements for governmental fund types consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 48,724,868	\$ 18,578,555	\$ -	\$ -	\$ 67,303,423
Food sales	-	-	-	450,365	450,365
Investment income	441,314	37,025	110,838	21,648	610,825
Penalties, interest and other tax- related income	468,660	134,815	-	-	603,475
Co-curricular student activities	619,788	-	-	251,380	871,168
Tuition and fees	24,449	-	-	-	24,449
Gifts and bequests	5,130	-	-	330,070	335,200
Other	654,883	-	-	404,766	1,059,649
	<u>\$ 50,939,092</u>	<u>\$ 18,750,395</u>	<u>\$ 110,838</u>	<u>\$ 1,458,229</u>	<u>\$ 71,258,554</u>

**Note 13 - Accumulated Unpaid Sick Leave Benefits**

The District established a policy to pay accumulated local sick leave upon retirement or after an employee resigns and has at least ten years of service with Abilene Independent School District. The employee will receive pay for up to 50 accumulated local sick days at a rate to be established by the Board. This obligation was estimated to be \$501,712 at August 31, 2022 for eligible employees and is recorded as other long-term liabilities in the government wide statement of net position.

**Note 14 - Shared Services Arrangements**

The District is the fiscal agent for three Shared Service Arrangements ("SSA") which provide adult education and assistance to deaf students. All services, facilities, and administration are provided by the District for the other school districts in the region. Funding is received directly from the state. According to the guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund 431, Shared Service Arrangements - Adult Education Basic State.

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides an Adult Education Program for students to the member counties listed below. All services are provided by the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue fund 309 and is accounted for using Model 3 in the SSA section of the Resource Guide.

Brown County  
Callahan County  
Coleman County  
Comanche County  
Eastland County  
Fisher County  
Haskell County  
Jones County  
Kent County  
Knox County

Mitchell County  
Nolan County  
Runnels County  
Scurry County  
Shackelford County  
Stephens County  
Stonewall County  
Taylor County  
Throckmorton County

The District participates in a shared services arrangement ("SSA") for the Regional Day School Program through fund 496 with the school districts listed below.

Albany ISD  
Anson ISD  
Cisco ISD  
Clyde ISD  
Colorado ISD  
Comanche ISD  
Hawley ISD

Merkel ISD  
Ovalo CISD  
Ranger ISD  
Snyder ISD  
Stamford ISD  
Trent ISD  
Wylie ISD

**Note 15 - Debt**

Bonded indebtedness of the District is reflected in the Government-Wide Statement of Net Position. In the Fund Financial Statements, the current requirements for principal and interest expenditures are accounted for in the Debt Service Fund and General Fund.

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. At August 31, 2022, the District's debt limitation under local policies, which represents 10% of the District's total assessed property value for school tax purposes, is \$532,443,906.

On March 25, 2022, the District issued a finance contract in the amount of \$22,400,000 to upgrade HVAC facilities. The contract has a rate of 2.40%. Payments are due semi-annually beginning August 15, 2022 and fully matures on February 15, 2037.

Unamortized bond premiums on the 2012, 2014, 2019 and 2020 Series bonds are reported with long-term bonds payable on the statement of net position.

Bonds payable, maintenance notes, compensated absences and leases payable are typically liquidated through payments made by the following funds: General Fund and Debt Service Fund.

Abilene Independent School District  
Notes to Financial Statements  
August 31, 2022

Long-term debt of the District is reflected in the statement of net position at August 31, 2022. A summary of the changes in long-term liabilities follows:

	Rate Payable	Beginning Balance, restated	Additions	Deletions	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds, Series 2012	2.0%-5.0%	\$ 5,820,000	\$ -	\$ (2,840,000)	\$ 2,980,000	\$ 2,980,000
Unlimited Tax School Bldg Bonds, Series 2014 Current Interest Bonds	3.0%-5.0%	6,075,000	-	(2,960,000)	3,115,000	3,115,000
Unlimited Tax School Refng Bonds, Series 2014	4.4%	6,350,000	-	-	6,350,000	-
Unlimited Tax School Bldg Bonds, Series 2019	4.0%-5.0%	125,060,000	-	(3,165,000)	121,895,000	3,325,000
Unlimited Tax Refunding Bonds, Series Capital Appreciation Bonds 2020	1.8%-5.0%	1,380,246	-	-	1,380,246	-
Unlimited Tax Refunding Bonds, Series 2020 Current Interest Bonds	1.8%-5.0%	68,540,000	-	-	68,540,000	-
Bonds payable-subtotal		213,225,246	-	(8,965,000)	204,260,246	9,420,000
Accretion on CAB, Series 2020		6,490,450	120,155	-	6,610,605	-
Accretion-subtotal		6,490,450	120,155	-	6,610,605	-
Unamortized Premium on Bonds, Series 2012		686,527	-	(457,684)	228,843	-
Unamortized Premium on Bonds, Series 2014 Building		438,672	-	(300,803)	137,869	-
Unamortized Premium on Bonds, Series 2014 Refunding		296,096	-	(74,025)	222,071	-
Unamortized Premium on Bonds, Series 2019 Building		12,434,474	-	(552,643)	11,881,831	-
Unamortized Premium on Bonds, Series 2020 Refunding		11,114,646	-	(1,650,663)	9,463,983	-
Unamortized premium-subtotal		24,970,415	-	(3,035,818)	21,934,597	-
Net bonds payable		244,686,111	120,155	(12,000,818)	232,805,448	9,420,000
Qualified School Construction Maintenance Tax and Revenue Notes, Series 2011	6.55%	5,515,000	-	-	5,515,000	-
Compensated absences		528,755	10,000	(37,043)	501,712	-
Finance contract	2.40%	-	22,400,000	(682,116)	21,717,884	1,268,702
Leases payable	7.7%	1,248,823	478,162	(493,827)	1,233,158	598,962
Other long-term liabilities-subtotal		1,777,578	22,888,162	(1,212,986)	23,452,754	1,867,664
Total long-term liabilities		\$ 251,978,689	\$ 23,008,317	\$ (13,213,804)	\$ 261,773,202	\$ 11,287,664

**Defeased Bonds**

In previous years, the District deposited with a paying agent amounts that were sufficient to provide the final payment and redemption of defeased bonds. The defeased bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. As of August 31, 2022, the remaining outstanding principal of the defeased bonds was \$69,922,883.

**Bond Requirements**

Debt service requirements on bonds payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 9,420,000	\$ 7,980,587	\$ 17,400,587
2024	9,540,000	7,522,137	17,062,137
2025	7,526,030	9,541,482	17,067,512
2026	4,634,216	11,494,996	16,129,212
2027	9,580,000	6,553,087	16,133,087
2028-2032	54,955,000	25,708,737	80,663,737
2033-2037	56,845,000	16,412,862	73,257,862
2038-2042	35,145,000	8,501,225	43,646,225
2043-2044	16,615,000	841,125	17,456,125
	<u>\$ 204,260,246</u>	<u>\$ 94,556,238</u>	<u>\$ 298,816,484</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2022.

**Maintenance Tax Notes and Contractual Obligations**

On March 10, 2011 the District issued a \$5,515,000 Qualified School Construction Maintenance Tax and Revenue Note, Taxable Series 2011 with the full principal of the Note maturing February 15, 2026. Proceeds will be used to renovate and repair instructional facilities in the District. The Note has an interest rate of 6.55% but is eligible for an interest rate subsidy of 5.46% due to the Note being characterized as a Qualified School Construction Bond as defined by Section 54F of the Internal Revenue Code of 1986. Therefore, the resulting net supplementary interest rate of the Note is 1.09%.

The District created a sinking fund by entering into a repurchase agreement to service the Note. The repurchase agreement calls for annual payments of \$250,762 the first year and \$276,644 until the maturity date of February 15, 2026 and will yield an interest rate of 4.01%. Total payments from general operating funds, including the supplementary interest, to repay the \$5,515,000 Note will be \$5,021,312. The sinking fund balance as of August 31, 2022 was \$3,776,379.

Presented below is a summary of the sinking fund requirements:

<u>Fiscal Year</u>	<u>Annual Requirements</u>
2023	\$ 276,644
2024	276,644
2025	276,644
2026	276,644
Total sinking fund requirements	<u>\$ 1,106,576</u>

#### Finance Contract Requirements

Debt service requirements on the finance contract are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 1,268,702	\$ 513,663	\$ 1,782,365
2024	1,299,334	483,031	1,782,365
2025	1,330,705	451,660	1,782,365
2026	1,362,833	419,532	1,782,365
2027	1,395,737	386,627	1,782,364
2028-2032	6,709,763	1,411,085	8,120,848
2033-2036	8,350,810	460,803	8,811,613
	<u>\$ 21,717,884</u>	<u>\$ 4,126,401</u>	<u>\$ 25,844,285</u>

**Note 16 - Leases**

The District entered an agreement to lease copiers for District-wide use beginning July 2018. Under the terms of the lease, the District pays a monthly fee of \$28,431. The lease terminates on June 30, 2023.

The District has entered into various agreements to lease vehicles for District-wide use beginning on dates ranging from April 2020 to August 2022. Under the terms of the leases, the District pays monthly fees ranging from \$346 to \$803. The leases terminate ranging from March 2024 to July 31, 2026.

The District entered into an agreement for postage machine use beginning April 2022. Under the terms of the lease, the District pays a monthly fee of \$892. The lease terminates on March 30, 2027.

The District entered into an agreement for education equipment use beginning September 2021. Under the terms of the lease, the District pays a monthly fee of \$1,080. The lease terminates on August 31, 2026.

The District entered into an agreement to lease building space beginning in September 2010. Under the terms of the lease, the District pays a monthly fee of \$3,608. The lease terminates on August 31, 2030.

At August 31, 2022, the District has recognized a right to use asset, net of accumulated amortization, of \$1,162,493 and a lease liability of \$1,233,158 related to these agreements. During the fiscal year, the District recorded \$568,334 in amortization expense and \$38,491 in interest expense for the right to use the copier and vehicles.

The District used a discount rate of 3.85% on the copier lease, rates ranging from 1.36% to 4.17% on the vehicles, rate of 3.79% on the postage machine, a rate of 2.23% on the education equipment, and a rate of 4.35% on the building space. The discount rates are based on the risk-free rate published by the United States Treasury as the District has no comparable publicly traded debt. The rates are then adjusted for the specific terms of each lease and the rating of the entity.

Remaining obligations associated with these leases for governmental activities are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2023	\$ 598,962	\$ 35,579	\$ 634,541
2024	210,637	21,115	231,752
2025	151,288	15,119	166,407
2026	141,479	9,381	150,860
2027	49,532	5,351	54,883
2028-2032	81,260	5,340	86,600
	<u>\$ 1,233,158</u>	<u>\$ 91,885</u>	<u>\$ 1,325,043</u>

**Note 17 - Fund Balance**

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

- Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At August 31, 2022, the District had \$1,264,328 and \$992,510 in nonspendable fund balance for inventory and prepaid items, respectively.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2022, \$2,809,526 was restricted for other federal and state grants. Fund balance restricted for the retirement of funded indebtedness totaled \$7,873,524 as of August 31, 2022. Fund balance restricted for capital acquisition and contractual obligation totaled \$13,591,757.
- Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2022, the District had \$502,218 committed for future Shotwell Stadium improvements and \$299,040 committed for campus activity funds.
- Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent. At August 31, 2022, the District had fund balance assigned for open encumbrances of \$5,364,969 in the General Fund.
- Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.



**Note 18 - General Fund Federal Source Revenues**

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	CFDA	Amount
ROTC reimbursement	12.000	\$ 123,728
School Health and Related Services	n/a	4,140,698
Impact Aid, Public Law 81-874	84.041	259,606
QSCB interest subsidy	n/a	283,955
Indirect costs		
Title I - Part A	84.010	281,551
IDEA B Formula	84.027	256,958
IDEA B Discretionary	84.027	2,317
IDEA B Preschool	84.173	7,573
Carl D Perkins Basic Grant Formula	84.048	10,789
Title II, Part A - Teacher, Principal, Training & Recruitment	84.367	30,053
Title III - Part A	84.365A	3,873
COVID-19 ESSER II (CRRSAA)	84.425D	1,620,406
COVID-19 ESSER III (ARP)	84.425U	1,496,995
COVID-19 ESSER III (ARP) - TCLAS	84.425U	5,140
Title IV - Part A	84.424	20,992
AEL Adult Education & Literacy	84.002	41,113
AEL Temporary Assistance for Needy Families	93.558	2,990
Total		<u>\$ 8,588,737</u>

**Note 19 - Deferred Compensation Plan**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Until paid or made available to the employee or another beneficiary, all amounts of compensation deferred under the plan, investments purchased with those amounts and all income attributable to those investments are held in trust and are not subject to the claims of the District's general creditors. The District does not have fiduciary responsibility for the plan and therefore it is not reported as a pension trust fund in the District's financial statements. Participant's rights under the plan are equal to the fair value of the deferred account for each participant.

**Note 20 - Adoption of New Standard**

As of September 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. See additional disclosures required by this standard in Note 16.

Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	<u>Governmental Activities</u>
Net position at September 1, 2021, as previously reported	\$ (42,555,610)
Add right-to-use intangible asset, net of amortization under GASB Statement No. 87 at September 1, 2021	989,477
Add lease liability under GASB Statement No. 87 at September 1, 2021	<u>(989,477)</u>
Net position at September 1, 2021, as restated	<u><u>\$ (42,555,610)</u></u>



Required Supplementary Information  
August 31, 2022

## Abilene Independent School District

**Abilene Independent School District**  
**Budgetary Comparison Schedule – General Fund (Exhibit G-1)**  
**Year Ended August 31, 2022**

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP) Basis	Variance With Final Budget Positive or (Negative)
		Original	Final		
	Revenues				
5700	Total local and intermediate sources	\$ 50,429,253	\$ 50,434,884	\$ 50,939,092	\$ 504,208
5800	State program revenues	90,854,257	90,854,257	89,074,600	(1,779,657)
5900	Federal program revenues	4,799,600	7,799,600	8,588,737	789,137
5020	Total revenues	146,083,110	149,088,741	148,602,429	(486,312)
	Expenditures				
	Current				
0011	Instruction	82,939,690	77,882,523	73,007,982	4,874,541
0012	Instructional resources and media services	1,980,756	2,170,691	1,995,090	175,601
0013	Curriculum and instructional staff development	2,165,631	2,234,102	2,004,273	229,829
0021	Instructional leadership	3,220,305	3,288,908	2,910,390	378,518
0023	School leadership	9,595,304	9,594,885	8,527,155	1,067,730
0031	Guidance, counseling and evaluation services	6,778,032	6,780,350	4,544,502	2,235,848
0032	Social work services	922,117	923,082	694,004	229,078
0033	Health services	2,040,365	2,048,349	1,412,891	635,458
0034	Student (pupil) transportation	4,633,368	6,581,016	5,803,795	777,221
0036	Extracurricular activities	4,629,935	6,404,630	5,023,142	1,381,488
0041	General administration	6,027,971	6,035,524	5,331,803	703,721
0051	Facilities maintenance and operations	16,080,821	16,722,195	15,752,096	970,099
0052	Security and monitoring services	813,677	1,055,181	834,459	220,722
0053	Data processing services	5,225,427	6,401,761	5,880,963	520,798
0061	Community services	636,561	638,812	636,406	2,406
	Debt service				
0071	Principal on long term debt	543,525	1,170,897	1,167,807	3,090
0072	Interest on long term debt	-	872,628	608,286	264,342
0073	Bond issuance cost and fees	665	665	665	-
	Capital outlay				
0081	Facilities acquisition and construction	-	14,490,277	1,531,781	12,958,496
	Intergovernmental				
0095	Payments to juvenile alternative Ed. Prg	135,000	135,000	46,855	88,145
0099	Other intergovernmental charges	500,000	750,000	524,963	225,037
6030	Total expenditures	148,869,150	166,181,476	138,239,308	27,942,168
1100	Excess (deficiency) of revenues over (under) expenditures	(2,786,040)	(17,092,735)	10,363,121	27,455,856
	Other financing sources (uses)				
7912	Sale of real and personal property	-	74,313	74,313	-
7913	Proceeds from capital leases	-	68,326	478,162	409,836
7949	Other resources	-	82,361	82,361	-
8911	Transfers out	-	(10,000,000)	(9,384,993)	615,007
7080	Total other financing sources (uses)	-	(9,775,000)	(8,750,157)	1,024,843
1200	Net change in fund balances	(2,786,040)	(26,867,735)	1,612,964	28,480,699
0100	Fund balance - beginning	56,206,542	56,206,542	56,206,542	-
3000	Fund balance - ending	\$ 53,420,502	\$ 29,338,807	\$ 57,819,506	\$ 28,480,699

Abilene Independent School District

Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (Exhibit G-2)  
Year Ended August 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.091046536%	0.086599402%	0.094677311%	0.095626682%	0.095703310%	0.094585349%	0.100625900%	0.064298800%
District's proportionate share of net pension liability	\$ 23,186,331	\$ 46,380,873	\$ 49,216,226	\$ 52,635,247	\$ 30,600,763	\$ 35,742,397	\$ 35,569,916	\$ 17,175,099
State's proportionate share of the net pension liability associated with the District	36,752,830	78,763,439	72,420,575	80,725,719	48,982,745	60,001,221	56,952,497	49,522,165
Totals	<u>\$ 59,939,161</u>	<u>\$ 125,144,312</u>	<u>\$ 121,636,801</u>	<u>\$ 133,360,966</u>	<u>\$ 79,583,508</u>	<u>\$ 95,743,618</u>	<u>\$ 92,522,413</u>	<u>\$ 66,697,264</u>
District's covered payroll	\$ 113,110,638	\$ 109,680,694	\$ 102,976,616	\$ 102,183,362	\$ 100,562,501	\$ 98,232,144	\$ 95,430,501	\$ 92,180,591
District's proportionate share of net pension liability as a percentage of its covered payroll	20.50%	42.29%	47.79%	51.51%	30.43%	36.39%	37.27%	18.63%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability with is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2015.

Abilene Independent School District  
Schedule of District's Contributions – Teacher Retirement System to Texas (Exhibit G-3)  
Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,871,054	\$ 3,846,127	\$ 3,549,529	\$ 3,287,469	\$ 3,216,684	\$ 3,136,596	\$ 3,005,216	\$ 2,979,577
Contribution in relation to the contractually required contributions	<u>(4,871,054)</u>	<u>(3,846,127)</u>	<u>(3,549,529)</u>	<u>(3,287,469)</u>	<u>(3,216,684)</u>	<u>(3,136,596)</u>	<u>(3,005,216)</u>	<u>(2,979,577)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 115,994,634	\$ 113,110,638	\$ 109,680,694	\$ 102,976,616	\$ 102,183,362	\$ 100,562,501	\$ 98,232,144	\$ 95,430,501
Contributions as a percentage of covered payroll	4.20%	3.40%	3.24%	3.19%	3.15%	3.12%	3.06%	3.12%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2015.

Abilene Independent School District  
Schedule of District's Proportionate Share of the Net OPEB Liability (Exhibit G-4)  
Year Ended August 31, 2022

	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.131799189%	0.130446560%	0.132170966%	0.133181501%	0.129601183%
District's proportionate share of net OPEB liability	\$ 50,840,837	\$ 49,588,628	\$ 62,505,269	\$ 66,498,743	\$ 56,358,693
State's proportionate share of the net OPEB liability associated with the District	68,115,391	66,635,230	83,055,521	81,656,572	73,614,932
Totals	<u>\$118,956,228</u>	<u>\$116,223,858</u>	<u>\$145,560,790</u>	<u>\$148,155,315</u>	<u>\$129,973,625</u>
District's covered payroll	\$113,110,638	\$109,680,694	\$102,976,616	\$102,183,362	\$100,562,501
District's proportionate share of net OPEB liability as a percentage of its covered payroll	44.95%	45.21%	60.70%	65.08%	56.04%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2018.

Abilene Independent School District  
Schedule of District's Contributions to the OPEB Plan (Exhibit G-5)  
Year Ended August 31, 2022

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 1,160,538	\$ 1,008,593	\$ 978,646	\$ 924,465	\$ 664,200
Contribution in relation to the contractually required contributions	<u>(1,160,538)</u>	<u>(1,008,593)</u>	<u>(978,646)</u>	<u>(924,465)</u>	<u>(664,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$115,994,634	\$113,110,638	\$109,680,694	\$102,976,616	\$102,183,362
Contributions as a percentage of covered payroll	1.00%	0.89%	0.89%	0.90%	0.65%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2018.



## **Note 1 - Budget**

### **Budgetary Information**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. 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.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

Once a budget is approved, it can be amended by 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 Accounting at the revenue and expenditure fund/function level. Budget amounts are as amended by the Board. All budget appropriations lapse at year end.

## **Note 2 - Net Pension Liability – Teachers Retirement System**

### **Changes of Benefit Terms**

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

### **Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

### **Changes of Assumptions**

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

### **Note 3 - OPEB**

#### **Changes of Benefit Terms**

There were minor benefit revisions that have been adopted since the prior measurement date. These changes are not expected to have a significant impact on plan costs.

#### **Changes in the Size or Composition of the Population Covered by the Benefit Terms**

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

#### **Changes of Assumptions**

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

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



Other Supplementary Information  
August 31, 2022

## Abilene Independent School District

Data Control Codes		203	205	206	211
		Childcare Development Block Grant	Head Start	ESEA Title X, Pt. C Homeless	ESEA I, A Improving Basic Program
	Assets				
1110	Cash and cash equivalents	\$ 7,324	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1240	Receivables from other governments	-	348,602	23,747	934,499
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>\$ 7,324</u>	<u>\$ 348,602</u>	<u>\$ 23,747</u>	<u>\$ 934,499</u>
	Liabilities				
2110	Accounts payable	\$ -	\$ 784	\$ -	\$ 39
2160	Accrued wages payable	-	151,339	6,520	263,721
2170	Due to other funds	-	195,302	17,227	668,519
2200	Accrued expenditures	-	1,177	-	2,220
2300	Unearned revenues	<u>7,324</u>	<u>-</u>	<u>-</u>	<u>-</u>
2000	Total liabilities	<u>7,324</u>	<u>348,602</u>	<u>23,747</u>	<u>934,499</u>
	Fund Balances				
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 7,324</u>	<u>\$ 348,602</u>	<u>\$ 23,747</u>	<u>\$ 934,499</u>

Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2022

224	225	226	240	242	244	255
IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting
\$ -	\$ -	\$ -	\$ 2,380	\$ 158,523	\$ -	\$ -
-	-	-	3,646,198	-	-	-
1,082,633	51,382	6,817	571,455	-	19,944	146,624
-	-	-	56,141	-	-	-
-	-	-	542	-	-	-
-	-	-	266,169	-	-	-
<u>\$ 1,082,633</u>	<u>\$ 51,382</u>	<u>\$ 6,817</u>	<u>\$ 4,542,885</u>	<u>\$ 158,523</u>	<u>\$ 19,944</u>	<u>\$ 146,624</u>
\$ -	\$ -	\$ -	\$ 93,024	\$ 29	\$ -	\$ 345
300,793	10,263	2,990	237,461	-	3,475	12,807
779,987	41,119	3,827	1,295,199	-	16,349	133,472
1,853	-	-	-	-	-	-
-	-	-	-	-	120	-
<u>1,082,633</u>	<u>51,382</u>	<u>6,817</u>	<u>1,625,684</u>	<u>29</u>	<u>19,944</u>	<u>146,624</u>
-	-	-	266,169	-	-	-
-	-	-	2,651,032	158,494	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,917,201</u>	<u>158,494</u>	<u>-</u>	<u>-</u>
<u>\$ 1,082,633</u>	<u>\$ 51,382</u>	<u>\$ 6,817</u>	<u>\$ 4,542,885</u>	<u>\$ 158,523</u>	<u>\$ 19,944</u>	<u>\$ 146,624</u>

		263	279	281	282
Data Control Codes		ESEA III, A English Language Acquisition	ESSER III TCLAS	ESSER II (CRRSAA)	ESSER III (ARP)
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - current	-	-	-	-
1240	Receivables from other governments	5,324	46,255	2,154,387	1,124,231
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>\$ 5,324</u>	<u>\$ 46,255</u>	<u>\$ 2,154,387</u>	<u>\$ 1,124,231</u>
	Liabilities				
2110	Accounts payable	\$ 467	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	2,657	189,846	605,412
2170	Due to other funds	4,857	43,598	1,961,980	511,598
2200	Accrued expenditures	-	-	2,561	7,221
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>5,324</u>	<u>46,255</u>	<u>2,154,387</u>	<u>1,124,231</u>
	Fund Balances				
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 5,324</u>	<u>\$ 46,255</u>	<u>\$ 2,154,387</u>	<u>\$ 1,124,231</u>

Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2022

288	288-01	289-04	289-12	289-13	289-14	309
Early Head Start	Child & Adult Care Food Program	Title IV, Part A	Dyess Construction Grant	Emergency Connectivity Fund	ROTC	SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
329,497	13,146	57,766	-	-	1,550	71,078
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 329,497</u>	<u>\$ 13,146</u>	<u>\$ 57,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550</u>	<u>\$ 71,078</u>
\$ 6,749	\$ -	\$ 43	\$ -	\$ -	\$ -	\$ 175
161,665	8,338	15,421	-	-	-	15,268
158,132	4,808	42,302	-	-	508	55,635
-	-	-	-	-	-	-
2,951	-	-	-	-	1,042	-
<u>329,497</u>	<u>13,146</u>	<u>57,766</u>	<u>-</u>	<u>-</u>	<u>1,550</u>	<u>71,078</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 329,497</u>	<u>\$ 13,146</u>	<u>\$ 57,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,550</u>	<u>\$ 71,078</u>

		312	397	410	412
Data Control Codes		SSA - TANF Family Assistance	Advanced Placement Incentives	Instructional Materials Allotment	CCPO
Assets					
1110	Cash and cash equivalents	\$ 523	\$ 11,530	\$ 41,974	\$ 334,748
1120	Investments - current	-	-	-	-
1240	Receivables from other governments	2,147	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>\$ 2,670</u>	<u>\$ 11,530</u>	<u>\$ 41,974</u>	<u>\$ 334,748</u>
Liabilities					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	2,670	-	-	5,071
2170	Due to other funds	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenues	-	11,530	41,974	329,677
2000	Total liabilities	<u>2,670</u>	<u>11,530</u>	<u>41,974</u>	<u>334,748</u>
Fund Balances					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted - federal or state funds grant	-	-	-	-
3545	Committed - other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 2,670</u>	<u>\$ 11,530</u>	<u>\$ 41,974</u>	<u>\$ 334,748</u>



Abilene Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2022

429 Other State Funded Special Revenue Funds	431 Adult Basic Education State	435 State Deaf	461 Campus Activity Fund	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 8,543	\$ -	\$ -	\$ 298,678	\$ 804,873	\$ 1,669,096
-	-	-	-	-	3,646,198
-	12,087	50,450	-	-	7,053,621
-	-	-	-	2,721	58,862
-	-	-	362	18,542	19,446
-	-	-	-	-	266,169
<u>\$ 8,543</u>	<u>\$ 12,087</u>	<u>\$ 50,450</u>	<u>\$ 299,040</u>	<u>\$ 826,136</u>	<u>\$ 12,713,392</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,263	\$ 105,918
-	5,380	6,231	-	27,121	2,034,449
-	6,707	44,219	-	13,476	5,998,821
-	-	-	-	393	15,425
<u>8,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,883</u>	<u>1,184,044</u>
<u>8,543</u>	<u>12,087</u>	<u>50,450</u>	<u>-</u>	<u>826,136</u>	<u>9,338,657</u>
-	-	-	-	-	266,169
-	-	-	-	-	2,809,526
-	-	-	299,040	-	299,040
<u>-</u>	<u>-</u>	<u>-</u>	<u>299,040</u>	<u>-</u>	<u>3,374,735</u>
<u>\$ 8,543</u>	<u>\$ 12,087</u>	<u>\$ 50,450</u>	<u>\$ 299,040</u>	<u>\$ 826,136</u>	<u>\$ 12,713,392</u>

Data Control Codes		203	205	206	211
		Childcare Development Block Grant	Head Start	ESEA Title X, Pt. C Homeless	ESEA I, A Improving Basic Program
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	2,616,418	91,672	5,349,610
5020	Total revenues	-	2,616,418	91,672	5,349,610
	Expenditures				
	Current				
0011	Instruction	-	1,521,813	-	4,008,653
0012	Instructional resources and media services	-	58,658	-	52,855
0013	Curriculum and instructional staff development	-	260,147	-	384,696
0021	Instructional leadership	-	1,088	-	166,949
0023	School leadership	-	214,854	-	89,392
0031	Guidance, counseling, and evaluation services	-	66,063	-	52,492
0032	Social work services	-	339,265	91,672	194,952
0033	Health services	-	25,145	-	-
0034	Student (pupil) transportation	-	34,693	-	44,533
0035	Food services	-	3,739	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	39,774	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	47,707	-	355,088
	Debt service				
0071	Principal on long term debt	-	3,272	-	-
0072	Interest on long term debt	-	200	-	-
	Capital outlay				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	-	2,616,418	91,672	5,349,610
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (Uses)				
7912	Sale of real and personal property	-	4,259	-	-
8949	Miscellaneous other uses	-	(4,259)	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**Abilene Independent School District**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2022

224	225	226	240	242	244	255
IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary	National Breakfast and Lunch Program	Summer Feeding Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting
\$ -	\$ -	\$ -	\$ 471,543	\$ 470	\$ -	\$ -
-	-	-	405,821	-	-	-
4,723,239	139,286	167,219	10,056,292	199,167	229,994	553,265
4,723,239	139,286	167,219	10,933,656	199,637	229,994	553,265
4,335,426	139,286	167,219	-	-	150,145	-
-	-	-	-	-	-	-
-	-	-	-	-	-	442,667
40,934	-	-	-	-	-	110,104
-	-	-	-	-	-	494
173,856	-	-	-	-	79,849	-
-	-	-	-	-	-	-
167,108	-	-	-	-	-	-
5,915	-	-	-	-	-	-
-	-	-	8,699,881	196,863	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	170,108	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,341	-	-	-
-	-	-	82	-	-	-
-	-	-	-	-	-	-
4,723,239	139,286	167,219	8,871,412	196,863	229,994	553,265
-	-	-	2,062,244	2,774	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,062,244	2,774	-	-
-	-	-	854,957	155,720	-	-
\$ -	\$ -	\$ -	\$ 2,917,201	\$ 158,494	\$ -	\$ -

Data Control Codes		263	279	281	282
		ESEA III, A English Language Acquisition	ESSER III TCLAS	ESSER II (CRRSAA)	ESSER III (ARP)
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	71,003	94,910	11,582,604	10,684,755
5020	Total revenues	71,003	94,910	11,582,604	10,684,755
	Expenditures				
	Current				
0011	Instruction	44,432	-	6,498,065	6,200,797
0012	Instructional resources and media services	-	-	-	38,703
0013	Curriculum and instructional staff development	14,518	94,910	-	737,649
0021	Instructional leadership	12,007	-	172,903	44,162
0023	School leadership	46	-	197,363	362,805
0031	Guidance, counseling, and evaluation services	-	-	1,721,834	406,744
0032	Social work services	-	-	407,203	36,756
0033	Health services	-	-	465,538	282,189
0034	Student (pupil) transportation	-	-	-	33,223
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	2,103,084	2,307,034
0051	Facilities maintenance and operations	-	-	-	204,893
0052	Security and monitoring services	-	-	16,614	-
0053	Data processing services	-	-	-	29,800
0061	Community services	-	-	-	-
	Debt service				
0071	Principal on long term debt	-	-	-	-
0072	Interest on long term debt	-	-	-	-
	Capital outlay				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	71,003	94,910	11,582,604	10,684,755
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
8949	Miscellaneous other uses	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**Abilene Independent School District**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2022

288	288-01	289-04	289-12	289-13	289-14	309
Early Head Start	Child & Adult Care Food Program	Title IV, Part A	Dyess Construction Grant	Emergency Connectivity Fund	ROTC	SSA Adult Basic Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
2,523,824	188,664	386,435	38,541	1,879,339	8,114	753,503
2,523,824	188,664	386,435	38,541	1,879,339	8,114	753,503
1,376,917	-	249,481	1,637	1,879,339	520	547,537
-	-	30,450	-	-	-	-
155,318	-	3,092	-	-	-	-
1,088	-	917	-	-	-	81,125
417,983	-	-	-	-	-	36,051
4,497	-	-	-	-	-	87,740
286,419	-	-	-	-	-	-
177,188	-	-	-	-	-	-
52,614	-	-	-	-	-	-
2,212	188,664	-	-	-	-	-
-	-	-	-	-	7,594	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	102,495	-	-	-	-
-	-	-	-	-	-	-
46,892	-	-	-	-	-	-
2,541	-	-	-	-	-	982
155	-	-	-	-	-	68
-	-	-	36,904	-	-	-
2,523,824	188,664	386,435	38,541	1,879,339	8,114	753,503
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Data Control Codes		312	397	410	412
		SSA - TANF Family Assistance	Advanced Placement Incentives	Instructional Materials Allotment	CCPO
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	5,228	291,705	64,288
5900	Federal program revenues	54,705	-	-	-
5020	Total revenues	54,705	5,228	291,705	64,288
	Expenditures				
	Current				
0011	Instruction	32,908	-	291,705	42,820
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	5,228	-	-
0021	Instructional leadership	3,781	-	-	-
0023	School leadership	10,917	-	-	4,066
0031	Guidance, counseling, and evaluation services	7,099	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	17,402
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	Debt service				
0071	Principal on long term debt	-	-	-	-
0072	Interest on long term debt	-	-	-	-
	Capital outlay				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	54,705	5,228	291,705	64,288
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other financing sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
8949	Miscellaneous other uses	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balance	-	-	-	-
0100	Fund balance, beginning	-	-	-	-
3000	Fund balance, ending	\$ -	\$ -	\$ -	\$ -

**Abilene Independent School District**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2022

429 Other State Funded Special Revenue Funds	431 Adult Basic Education State	435  State Deaf	461  Campus Activity Fund	499  Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 251,380	\$ 734,836	\$ 1,458,229
169,296	96,989	125,410	-	-	1,158,737
-	-	-	-	-	52,392,559
<u>169,296</u>	<u>96,989</u>	<u>125,410</u>	<u>251,380</u>	<u>734,836</u>	<u>55,009,525</u>
162	61,223	125,410	225,524	305,614	28,206,633
-	-	-	-	-	180,666
4,053	750	-	-	5,653	2,108,681
-	10,659	-	-	8,909	654,626
-	15,809	-	-	6,119	1,355,899
-	8,548	-	-	355,275	2,963,997
-	-	-	-	-	1,356,267
-	-	-	-	-	1,117,168
-	-	-	-	-	170,978
-	-	-	-	-	9,108,761
-	-	-	-	8,500	16,094
-	-	-	-	-	4,410,118
-	-	-	-	266	415,041
165,081	-	-	-	-	284,190
-	-	-	-	-	29,800
-	-	-	-	-	449,687
-	-	-	-	-	8,136
-	-	-	-	-	505
-	-	-	-	-	36,904
<u>169,296</u>	<u>96,989</u>	<u>125,410</u>	<u>225,524</u>	<u>690,336</u>	<u>52,874,151</u>
-	-	-	25,856	44,500	2,135,374
-	-	-	-	-	4,259
-	-	-	-	(44,500)	(48,759)
-	-	-	-	(44,500)	(44,500)
-	-	-	25,856	-	2,090,874
-	-	-	273,184	-	1,283,861
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,040</u>	<u>\$ -</u>	<u>\$ 3,374,735</u>



Required TEA Schedules  
August 31, 2022

## Abilene Independent School District



Last Ten Years Ended August 31	1	2	3
	Tax Rates		Assessed/ Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 (and prior years)	\$ Various	\$ Various	\$ Various
2014	1.040000	0.110100	4,172,275,368
2015	1.040000	0.177500	4,230,516,552
2016	1.040000	0.170600	4,280,261,809
2017	1.040000	0.164100	4,469,378,022
2018	1.040000	0.158300	4,493,015,439
2019	1.040000	0.162400	4,670,459,397
2020	0.970000	0.351400	5,004,253,793
2021	0.964200	0.327200	5,212,303,908
2022 (school year under audit)	0.924900	0.353500	5,324,439,064
1000 Totals			

Abilene Independent School District  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Year Ended August 31, 2022

10	20	31	32	40	50
Beginning Balance September 1, 2021	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2022
\$ 212,706	\$ -	\$ 16,887	\$ 1,543	\$ (3,578)	\$ 190,698
50,977	-	2,201	233	(76)	48,467
56,605	-	(42,439)	(7,243)	(52,688)	53,599
54,576	-	(51,959)	(8,523)	(63,815)	51,243
74,649	-	(46,019)	(7,261)	(59,206)	68,723
89,543	-	(20,651)	(3,144)	(35,525)	77,813
92,363	-	(10,167)	(1,752)	(28,502)	75,780
209,134	-	71,856	26,031	(5,733)	105,514
800,639	-	323,683	109,834	(179,256)	187,866
-	68,067,629	48,259,197	18,444,670	(373,483)	990,279
<u>\$ 1,641,192</u>	<u>\$ 68,067,629</u>	<u>\$ 48,502,589</u>	<u>\$ 18,554,388</u>	<u>\$ (801,862)</u>	<u>\$ 1,849,982</u>

Abilene Independent School District  
 Budgetary Comparison Schedule – Child Nutrition Program (Exhibit J-2)  
 Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget
		Original	Final		Positive (Negative)
Revenues					
5700	Local and intermediate sources	\$3,726,765	\$3,726,765	\$ 471,543	\$(3,255,222)
5800	State program revenues	344,483	344,483	405,821	61,338
5900	Federal program revenues	7,806,675	7,806,675	10,056,292	2,249,617
5020	Total revenues	11,877,923	11,877,923	10,933,656	(944,267)
Expenditures					
Current					
0035	Food services	11,011,678	11,022,664	8,699,881	2,322,783
0051	Facilities maintenance and operations	152,713	227,713	170,108	57,605
Debt service					
0071	Principal on long term debt	-	1,341	1,341	-
0072	Interest on long term debt	-	23,659	82	23,577
Capital outlay					
0081	Facilities acquisition and construction	700,000	600,000	-	600,000
6030	Total expenditures	11,864,391	11,875,377	8,871,412	3,003,965
1100	Excess of revenues over expenditures	13,532	2,546	2,062,244	2,059,698
1200	Net change in fund balances	13,532	2,546	2,062,244	2,059,698
0100	Fund balance, beginning	854,957	854,957	854,957	-
3000	Fund balance, ending	\$ 868,489	\$ 857,503	\$ 2,917,201	\$ 2,059,698

Abilene Independent School District  
 Budgetary Comparison Schedule – Debt Service Fund (Exhibit J-3)  
 Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
		Original	Final		
Revenues					
5700	Local and intermediate sources	\$17,268,100	\$17,268,100	\$ 18,750,395	\$ 1,482,295
5800	State program revenues	271,400	271,400	563,076	291,676
5020	Total revenues	17,539,500	17,539,500	19,313,471	1,773,971
Expenditures					
Debt service					
0071	Principal on long term debt	8,965,000	8,965,000	8,965,000	-
0072	Interest on long term debt	8,434,072	8,634,072	8,440,212	193,860
0073	Bond issuance costs and fees	306,140	306,140	306,140	-
6030	Total expenditures	17,705,212	17,905,212	17,711,352	193,860
1100	Excess (deficiency) of revenues over (under) expenditures	(165,712)	(365,712)	1,602,119	1,967,831
1200	Net change in fund balances	(165,712)	(365,712)	1,602,119	1,967,831
0100	Fund balance, beginning	2,495,026	2,495,026	2,495,026	-
3000	Fund balance, ending	\$ 2,329,314	\$ 2,129,314	\$ 4,097,145	\$ 1,967,831

Abilene Independent School District

Use of Funds Report (Exhibit J-4)

Year Ended August 31, 2022

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the LEA'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 LEA's fiscal year.	\$ 15,692,599
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)	\$ 9,926,319
<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.	\$ 531,609
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 341,491



Federal Award Section  
August 31, 2022

**Abilene Independent School District**



**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***

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

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 Abilene Independent School District (the District) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 3, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 3, 2023





## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance**

The Board of Trustees  
Abilene Independent School District  
Abilene, Texas

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

#### ***Opinion on Each Major Federal Program***

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

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

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

We are required to be independent of the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 3, 2023

Abilene Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2022

Pass Through Entity Identifying Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Expenditures
	U.S. Department of Education		
	Direct Program		
Not available	Impact Aid - P.L. 874 Title I	84.041	\$ 259,606
	Passed Through Texas Workforce Commission:		
0918ALAC00	AEL - Professional Development	84.002	16,827
0918ALAD00	AEL - Professional Development	84.002	329
0918ALAC00	AEL- Adult Education and Literacy	84.002	670,422
0918ALAD00	AEL- Adult Education and Literacy	84.002	18,556
0918ALAC00	AEL - EI Civics	84.002	81,087
0918ALAD00	AEL - EI Civics	84.002	437
0920AEL001	AEL - Federal Workforce Integration Initiative	84.002	6,958
	Total ALN 84.002		794,616
	Total Passed Through Texas Workforce Commission		794,616
	Passed Through Texas Education Agency		
21610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010A	759,003
22610101221901	ESEA Title I, Part A - Improving Basic Programs	84.010A	4,602,368
22610141221901	ESEA Title I, Part A - School Improvement	84.010A	70,292
226101577110012	ESEA Title I, ESF Focused Support	84.010A	170,376
20610103221901	ESEA Title I, Part D, Subpart 2	84.010A	26,129
22610103221901	ESEA Title I, Part D, Subpart 2	84.010A	2,993
	Total ALN 84.010A		5,631,161
	Special Education Cluster		
216600012219016600	IDEA-B Formula	84.027A	469,197
226600012219016000	IDEA-B Formula	84.027A	4,511,000
66002206	IDEA-B High Cost Fund	84.027A	124,687
216600112219016000	IDEA-B Discretionary Deaf	84.027A	4,675
226600112219016000	IDEA-B Discretionary Deaf	84.027A	40,174
	Total ALN 84.027A		5,149,733
226610012219016610	IDEA-B Preschool	84.173A	133,152
236610012219016610	IDEA-B Preschool	84.173A	13,707
	Total ALN 84.173A		146,859
	Total Special Education Cluster		5,296,592
22420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048A	236,613
23420006221901	Carl D. Perkins Basic Grant Formula for CATE	84.048A	4,170
	Total ALN 84.048A		240,783
21694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367A	49,546
22694501221901	Title II, Part A - Teacher, Principal, Training & Recruitment	84.367A	533,772
	Total ALN 84.367A		583,318

Abilene Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2022

Pass Through Entity Identifying Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Expenditures
21680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	29,546
22680101221901	Title IV, Part A - Student Support and Academic Enrichment Program	84.424A	377,881
	Total ALN 84.424A		407,427
21521001221901	COVID-19 ESSER II Grant	84.425D	13,203,010
21528001221901	COVID-19 ESSER III Grant	84.425U	12,181,750
21528042221901	COVID-19 ESSER III Grant - TCLAS	84.425U	100,050
	Total ALN 84.425		25,484,810
22671001221901	Title III, Part A - ELA	84.365A	74,876
	Total Passed Through Texas Education Agency		37,718,967
	Passed Through ESC Region 14		
214600057110057	McKinney-Vento Homeless Education TEHCY Shared Services Arrangement	84.196	91,672
	Total Passed Through ESC Region 14		91,672
	Total U.S. Department of Education		38,864,861
	Federal Communications Commission Direct		
Not available	COVID-19 Emergency Connectivity Fund	32.009	1,879,339
	Total Federal Communications Commission		1,879,339
	U.S. Department of Health & Human Services Passed Through Texas Workforce Commission:		
	477 Cluster		
0918ALAD00	AEL - Temporary Assistance for Needy Families	93.558	55,549
0918ALAE00	AEL - Temporary Assistance for Needy Families	93.558	2,146
	Total 477 Cluster ALN 93.558		57,695
	Total Passed Through Texas Workforce Commission:		57,695
06CH01046205	Head Start	93.600	2,033,553
06HE00076501C5	COVID-19 Head Start (CRRSAA)	93.600	7,816
06HE00076501C6	COVID-19 Head Start (ARP)	93.600	17,088
06CH01216301	Head Start	93.600	557,961
06CH01046205	Early Headstart	93.600	1,905,149
06HE00076501C5	COVID-19 Early Head Start (CRRSAA)	93.600	43,826
06HE00076501C6	COVID-19 Early Head Start (ARP)	93.600	30,503
06CH01216301	Early Headstart	93.600	544,346
	Total ALN 93.600 - Head Start Cluster		5,140,242
	Total U.S. Dept. of Health & Human Services		5,197,937

Abilene Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2022

Pass Through Entity Identifying Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Expenditures
	U.S. Department of Agriculture		
	Direct Program		
01034	Summer Food Service Program for Children	10.559	199,167
	Passed Through Texas Education Agency:		
71402101	School Breakfast Program*	10.553	217,594
71402201	School Breakfast Program*	10.553	1,637,631
71302101	National School Lunch Program - cash assistance**	10.555	915,993
71302201	National School Lunch Program - cash assistance**	10.555	6,804,181
	Total Passed Through Texas Education Agency		9,575,399
	Passed Through the Texas Department of Agriculture:		
	National School Lunch Program		
01034	- non cash assistance**	10.555	72,245
01034	Supply Chain Assistance Grant Award**	10.555	408,648
01785	Child and Adult Care Food Program	10.558	188,664
	Total Passed through Texas Department of Agriculture		669,557
	Total U.S. Department of Agriculture		10,444,123
	U.S. Department of Defense		
	Direct		
Not available	ROTC	12.000	8,114
Not available	ROTC Reimbursement	12.000	123,728
	Total ALN 12.000		131,842
HQ00052010075	Defense Community Infrastructure Program	12.600	38,541
	Total U.S. Department of Defense		170,383
	Total Federal Financial Assistance		\$ 56,556,643
Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)			\$ 10,255,459
* Total School Breakfast Program (ALN 10.553)			1,855,225
** Total National School Lunch Program (ALN 10.555)			8,201,067

**Note 1- Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School health and related services revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$ 56,556,643
School Health and Related Services (SHARS)	4,140,698
Qualified School Construction bond interest subsidy	<u>283,955</u>
Total federal program revenues - Exhibit C-2	<u><u>\$ 60,981,296</u></u>

**Note 3 - Indirect Cost Rate**

The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal awards.

**Note 4 - Food Donation**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At August 31, 2022, the District had food commodities totaling \$266,169 in inventory.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing / ALN Number</u>
Child Nutrition Cluster	10.553; 10.555; 10.559
COVID-19 Emergency Connectivity Fund Program	32.009
Special Education Cluster (IDEA)	84.027; 84.173
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D; 84.425U
Dollar threshold used to distinguish between Type A and Type B programs	\$1,696,699
Auditee qualified as low-risk auditee?	Yes



**Section II – Financial Statement Findings**

The audit disclosed no findings required to be reported.

**Section III – Federal Award Findings and Questioned Costs**

The audit disclosed no findings and questioned costs required to be reported.

Abilene Independent School District  
Schedule of Required Responses to Selected School First Indicators (Exhibit L-1)  
August 31, 2022

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 6,610,605