

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

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

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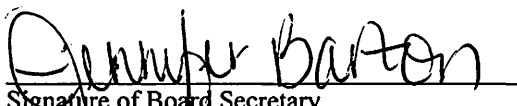
CERTIFICATE OF BOARD

Windthorst Independent School District
Name of School District

Archer
County

005904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) x approved disapproved for the year ended August 31, 2022 at a meeting of the Board of Trustees of such school district on the 12th of December, 2022.



Signature of Board Secretary



Signature of Board President

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

FREEMON, SHAPARD & STORY

Certified Public Accountants

Independent Auditor's Report

Windthorst Independent School District
P.O. Box 190
Windthorst, Texas 76389

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Windthorst Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Windthorst Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13, budgetary comparison information on page 50, and the schedule of the District's proportionate share of the net pension liability, the schedule of District pension plan contributions, the schedule of the District's proportionate share of the net OPEB liability, schedule of the District's OPEB plan contributions and the notes to the required supplementary information on pages 51-59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of the Windthorst Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Windthorst Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Windthorst Independent School District's internal control over financial reporting and compliance.

Freemon, Shapard & Story

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Windthorst, Texas
December 2, 2022

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

In this section of the Annual Financial and Compliance Report, we, the managers of Windthorst Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the Independent Auditors' Report and the District's Basic Financial Statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$1,042,706 as a result of this year's operations as per Exhibit B-1. Of total net position of \$8,926,372 at August 31, 2022, \$2,849,485 (Unrestricted Net Position) may be used to meet the District's ongoing obligations. The increase from prior period Net Position (as restated) of \$7,883,666 is primarily due to increased State Aid-Formula Grants for the year.
- During the year, the District had expenses that were \$1,042,706 less than the \$7,300,186 generated in tax and other revenues for governmental programs as reflected on Exhibit B-1. This compares to last year when revenues were more than expenses by \$219,204.
- Total cost of all of the District's programs were \$6,257,480 with two new program added this year, ESSER II-CRRSA Act Supplement and TCLAS Grant and one program deleted this year, Coronavirus Relief Fund CARES.
- The General Fund ended the year with a fund balance of \$5,302,321 as reflected on Exhibit C-1. Of this amount \$2,540,000 has been designated for future construction and \$445,000 for equipment purchases. The resources available for appropriation were \$1,009,019 more than budgeted for the General fund as reflected on Exhibit G-1.

USING THIS ANNUAL REPORT

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds and trust funds as reflected on Exhibits H-1 through H-4 contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Reports on Compliance, Internal Controls and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

In the Statement of Net Position and the Statement of Activities, the District discloses the following kind of activity:

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

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's has one kind of fund—governmental—which uses the following accounting approaches.

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibit E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and changes in Net Position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$7,883,666 to \$8,926,372. Unrestricted Net Position – the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$2,849,485 at August 31, 2022. This increase in governmental Net Position was the result of five factors. First, the District's revenues exceeded expenditures by \$636,634. Second, the District paid off bonds in the amount of \$140,000, acquired capital assets in the amount of \$1,022,599 and recorded adjustments to compensated retirement absences of \$5,450. Third, the District recorded depreciation and other adjustments in the amounts of \$466,987 and (\$383,818), respectively. Fourth, the District recorded an adjustment of \$44,795 to report the effect of GASB 68 to assume the District's proportionate share of the Net Pension Liability of the Teacher's Retirement System of Texas. Fifth, the District recorded adjustments in the amount of \$44,034 in which the District must assume their proportionate share of the Net OPEB liability of TRS and current year adjustments relating thereto.

Table I
Windthorst Independent School District
NET POSITION

	Governmental Activities	
	<u>2022</u>	<u>2021 (Restated)</u>
Current and other assets	\$ 6,080,604	\$ 5,355,739
Capital assets	<u>7,018,123</u>	<u>6,840,288</u>
Total assets	<u>13,098,727</u>	<u>12,196,027</u>
Deferred Outflows of Resources	<u>770,006</u>	<u>771,331</u>
Long-term liabilities	3,203,043	3,798,925
Other liabilities	<u>293,303</u>	<u>203,386</u>
Total liabilities	<u>3,496,346</u>	<u>4,002,311</u>
Deferred Inflows of Resources	<u>1,446,015</u>	<u>1,081,381</u>
Net Position:		
Invested in capital assets, net of related debt	5,620,867	5,307,388
Restricted	456,020	1,726,307
Unrestricted	<u>2,849,485</u>	<u>849,971</u>
Total Net Position	<u>\$ 8,926,372</u>	<u>\$ 7,883,666</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Table II
Windthorst Independent School District
CHANGES IN NET POSITION

	Governmental Activities	
	<u>2022</u>	<u>2021 (Restated)</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 153,975	\$ 106,215
Operating Grants and Contributions	1,026,133	883,977
General Revenues:		
Maintenance and Operations Taxes	968,318	958,718
Debt Service Taxes	151,502	150,811
Loss on Disposition of Property	(377,777)	
State Aid Formula Grants	5,342,443	3,997,194
Investment Earnings	4,522	5,719
Miscellaneous	<u>31,070</u>	<u>14,041</u>
Total Revenue	<u>7,300,186</u>	<u>6,116,675</u>
Expenses:		
Instruction	3,417,740	3,368,113
Instructional Resources and Media Services	38,775	39,944
Curriculum and Instructional Staff Development	14,271	7,473
School Leadership	300,034	284,210
Guidance, Counseling and Evaluation Services	75,437	56,396
Health Services	82,811	76,296
Student (Pupil) Transportation	229,218	186,311
Food Services	298,545	253,270
Extracurricular activities	471,572	452,350
General administration	471,807	369,999
Facilities Maintenance and Operations	722,813	613,285
Security and Monitoring Services	12,317	12,971
Data Processing Services	1,661	3,900
Debt Service	35,055	93,933
Payment Related to Shared Services Arrangements	58,175	49,770
Other Intergovernmental Charges	<u>27,249</u>	<u>29,250</u>
Total Expenses	<u>6,257,480</u>	<u>5,897,471</u>
Increase in Net Position	1,042,706	219,204
Net Position at Beginning	<u>7,883,666</u>	<u>7,664,462</u>
Net Position at Ending	<u>\$ 8,926,372</u>	<u>\$ 7,883,666</u>

The District's total revenues increased 19.35% (\$1,183,511), an increase from \$6,116,675 last year to \$7,300,186 in the current year. The total cost of all programs and services increased 6.10% (\$360,009) from last year, an increase from \$5,897,471 last year to \$6,257,480 in the current year. However, as shown in the Statement of Activities (Exhibit B-1), the amount that our taxpayers ultimately financed for these activities through District taxes was \$1,119,820 because some of the costs were paid by those who directly benefited from the programs (\$153,975) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1,026,133), and by State formula funding (\$5,342,443).

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As the District completed the year, its governmental funds as presented in the balance sheet reported a combined fund balance of \$5,758,341 which is 12.43% (\$636,634) more than last year's total of \$5,121,707. Included in this year's total change in fund balance is an increase of \$421,921 in the District's General Fund. The detail for the General Fund's increase is evident from the governmental activities analysis as highlighted in the Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3).

Approximately 14.25% of the District's total General Fund financial resources are derived from property taxes. State funding is based upon a combination of weighted average daily student attendance and property values. The State funding formula has been modified continually through the years and state funding represents approximately 81.81% of the District's General Fund revenues. The District property tax rates decreased from \$1.05470 in the prior year to \$1.05170 in the current year for M&O and decreased from \$.16127 in the prior year to \$.16 in the current year for Debt Service. The total assessed valuation increased from \$91,654,482 to \$92,787,406 in the current year, resulting in a levy of \$1,124,305 increased from \$1,114,491 in the prior year.

Over 48.65% of General Fund expenditures were dedicated for instructional effort. When combined with student support services such as counseling, nursing, extracurricular and transportation, 77.86% of General Fund expenditures were dedicated to direct student services.

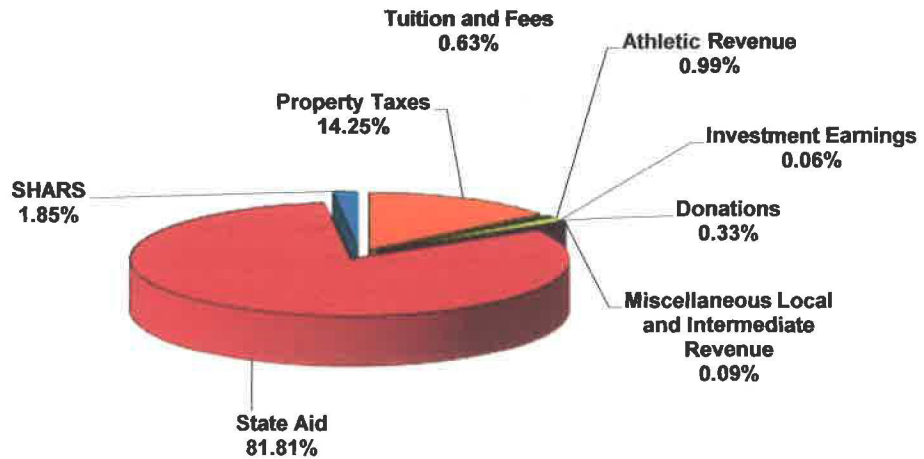
Other changes in fund balances should also be noted. The District purchased \$1,022,599 of capital assets and reduced debt by \$140,000. The District's capital outlay total of \$1,022,599 includes replacement of the track and football field turf, Junior High/Administrative building roof replacement, aluminum stock trailer, football scoreboard and a Canon image runner. Although these and other capital expenditures reduce available fund balances, they create new assets for the District as reported in the Statement of Net Position and as discussed in Note IV-F to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2021). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

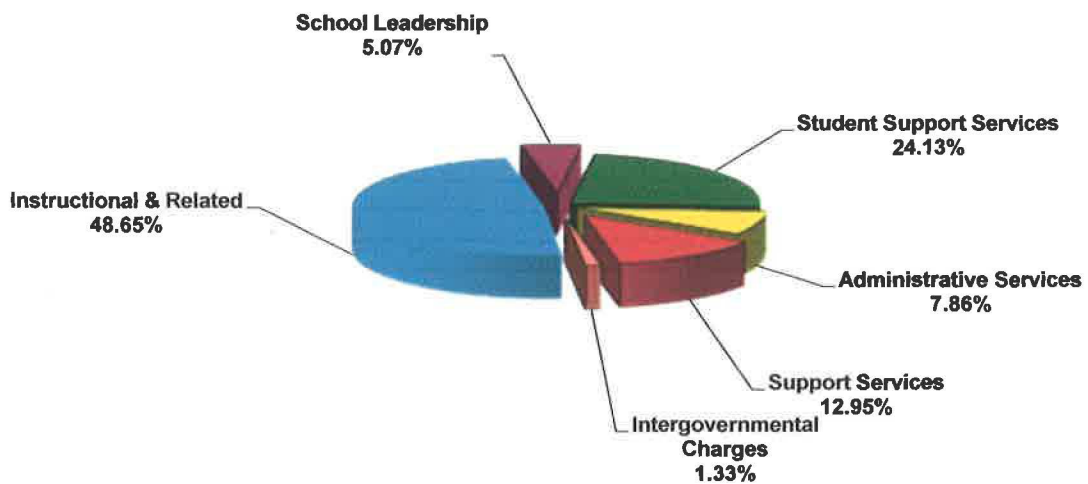
The District's General Fund balance of \$5,302,321 reported on Statement of Revenues, Expenditures and Changes in Fund Balances on Exhibit C-3 differs from the General Fund's budgetary fund balance of \$4,293,302 reported in the budgetary comparison schedule in Exhibit G-1. This is principally due to cost savings realized by closely monitoring expenses for the year and increased state revenues.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

General Fund- Operating Revenue 2022



General Fund-Operating Expenditure 2022



WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022 the District had \$14,198,137 (before depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The District reported dispositions net of depreciation of \$377,777 in the current year.

Windthorst Independent School District
Capital Assets, Net of Depreciation

	<u>Governmental</u> <u>Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 447,313	\$ 447,313
Buildings	6,181,407	5,998,974
Furniture and Equipment	389,403	394,001
Total Capital Assets, net of Depreciation	<u>\$ 7,018,123</u>	<u>\$ 6,840,288</u>

The District's has committed funds for capital projects in the future for additional expenditures of \$2,540,000 for facility improvements. We also have designated \$445,000 for capital expenditures for equipment, buses, school safety, and band instruments. We have no plans to issue additional debt to finance these projects. More detailed information about the District's capital assets is presented in Note IV-F to the financial statements.

Debt

At year-end, the District had \$1,310,000 in bonds outstanding (excluding interest accretion of \$111,657) versus \$1,450,000 last year—a decrease of 9.65%. This decrease consists of a principal payment of \$140,000. More detailed information about the District's long-term liabilities is presented in Notes IV-G and IV-H to the financial statements.

Windthorst Independent School District
General Obligation Bonds

	<u>Governmental</u> <u>Activities</u>	
	<u>2022</u>	<u>2021</u>
General Obligation Bonds	\$ 1,310,000	\$ 1,450,000
Total Long Term Debt (Excluding Interest Accretion)	<u>\$ 1,310,000</u>	<u>\$ 1,450,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered many factors when setting the fiscal-year 2022-2023 budget and tax rates including the current economy and expected student attendance. The District's refined average daily attendance increased 20.85% (83 students) from 398 students in 2020-2021 to 481 students in 2021-2022 school year.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2022

These indicators were taken into account when adopting the General Fund budget for 2022-2023. Amounts available for appropriation in the General Fund budget are \$6,571,155, a decrease from the actual 2021-22 revenues of \$6,854,222. The District will use its revenues to finance programs we currently offer. Budgeted expenditures and transfers out are expected to increase to \$6,571,155 from \$6,432,301 actual expenditures in 2021-2022. The District has added no major new programs or initiatives to the 2022-2023 budget.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain unchanged by the close of 2022-2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Windthorst Independent School District, P. O. Box 190, Windthorst, Texas 76389.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,623,683
1220 Property Taxes - Delinquent	36,469
1230 Allowance for Uncollectible Taxes	(7,509)
1240 Due from Other Governments	1,373,409
1410 Prepayments	54,552
Capital Assets:	
1510 Land	447,313
1520 Buildings, Net	6,181,407
1530 Furniture and Equipment, Net	389,403
1000 Total Assets	<u>13,098,727</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	331,021
1706 Deferred Outflow Related to TRS OPEB	438,985
1700 Total Deferred Outflows of Resources	<u>770,006</u>
LIABILITIES	
2110 Accounts Payable	40,013
2150 Payroll Deductions and Withholdings	4
2160 Accrued Wages Payable	245,732
2200 Accrued Expenses	7,554
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	145,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	1,313,156
2540 Net Pension Liability (District's Share)	480,101
2545 Net OPEB Liability (District's Share)	1,264,786
2000 Total Liabilities	<u>3,496,346</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	527,848
2606 Deferred Inflow Related to TRS OPEB	918,167
2600 Total Deferred Inflows of Resources	<u>1,446,015</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	5,620,867
Restricted:	
3820 Restricted for Federal and State Programs	214,074
3850 Restricted for Debt Service	238,615
3870 Restricted for Campus Activities	3,331
3900 Unrestricted	2,849,485
3000 Total Net Position	<u><u>\$ 8,926,372</u></u>

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

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

EXHIBIT B-1

FOR THE YEAR ENDED AUGUST 31, 2022

				Net (Expense) Revenue and Changes in Net Position
Data		Program Revenues		
Control	1	3	4	6
Codes			Operating Grants and Contributions	Primary Gov. Governmental Activities
	Expenses	Charges for Services		
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 3,417,740	\$ 65,722	\$ 528,874
12	Instructional Resources and Media Services	38,775	-	(2,160)
13	Curriculum and Instructional Staff Development	14,271	-	-
23	School Leadership	300,034	-	(20,317)
31	Guidance, Counseling, and Evaluation Services	75,437	-	76,797
33	Health Services	82,811	-	(5,589)
34	Student (Pupil) Transportation	229,218	-	(7,917)
35	Food Services	298,545	20,503	441,439
36	Extracurricular Activities	471,572	67,750	(13,040)
41	General Administration	471,807	-	(27,079)
51	Facilities Maintenance and Operations	722,813	-	(20,573)
52	Security and Monitoring Services	12,317	-	-
53	Data Processing Services	1,661	-	(24)
72	Debt Service - Interest on Long-Term Debt	34,655	-	75,722
73	Debt Service - Bond Issuance Cost and Fees	400	-	-
93	Payments Related to Shared Services Arrangements	58,175	-	-
99	Other Intergovernmental Charges	27,249	-	-
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 6,257,480	\$ 153,975	\$ 1,026,133
Data				
Control	General Revenues:			
Codes	Taxes:			
MT	Property Taxes, Levied for General Purposes			968,318
DT	Property Taxes, Levied for Debt Service			151,502
DT	Loss on Disposition of Property			(377,777)
SF	State Aid - Formula Grants			5,342,443
IE	Investment Earnings			4,522
MI	Miscellaneous Local and Intermediate Revenue			31,070
TR	Total General Revenues			6,120,078
CN	Change in Net Position			1,042,706
NB	Net Position - Beginning			7,770,810
PA	Prior Period Adjustment			112,856
NE	Net Position - Ending			\$ 8,926,372

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,191,659	\$ 432,024	\$ 4,623,683
1220 Property Taxes - Delinquent	32,077	4,392	36,469
1230 Allowance for Uncollectible Taxes	(6,697)	(812)	(7,509)
1240 Due from Other Governments	1,320,039	53,370	1,373,409
1410 Prepayments	54,317	235	54,552
1000 Total Assets	\$ 5,591,395	\$ 489,209	\$ 6,080,604
LIABILITIES			
2110 Accounts Payable	\$ 32,326	\$ 7,687	\$ 40,013
2150 Payroll Deductions and Withholdings Payable	4	-	4
2160 Accrued Wages Payable	226,174	19,558	245,732
2200 Accrued Expenditures	5,190	2,364	7,554
2000 Total Liabilities	263,694	29,609	293,303
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	25,380	3,580	28,960
2600 Total Deferred Inflows of Resources	25,380	3,580	28,960
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	214,074	214,074
3480 Retirement of Long-Term Debt	-	238,615	238,615
Committed Fund Balance:			
3510 Construction	2,540,000	-	2,540,000
3530 Capital Expenditures for Equipment	445,000	-	445,000
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	3,331	3,331
3600 Unassigned Fund Balance	2,317,321	-	2,317,321
3000 Total Fund Balances	5,302,321	456,020	5,758,341
4000 Total Liabilities, Deferred Inflows & Fund Balances	\$ 5,591,395	\$ 489,209	\$ 6,080,604

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 5,758,341
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets were \$13,698,549 and the accumulated depreciation was \$6,858,261. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt of \$1,599,250 in the governmental activities is to increase (decrease) net position.	5,241,037
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays additions and deletions (\$1,022,599), debt principal payments (\$140,000) and adjustments to vested retirement (\$5,450) is to increase (decrease) net position.	1,168,049
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$331,021, a deferred resource inflow in the amount of \$527,848, and a net pension liability in the amount of \$480,101. This resulted in a decrease in Net Position.	(676,928)
Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$438,985, a deferred resource inflow in the amount of \$918,167, and a net OPEB liability in the amount of \$1,264,786. This resulted in a decrease in net position.	(1,743,968)
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(466,987)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(353,172)
Net Position of Governmental Activities	\$ 8,926,372

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,120,331	\$ 190,743	\$ 1,311,074
5800 State Program Revenues	5,607,326	151,590	5,758,916
5900 Federal Program Revenues	126,565	791,063	917,628
5020 Total Revenues	6,854,222	1,133,396	7,987,618
EXPENDITURES:			
Current:			
0011 Instruction	3,073,717	365,852	3,439,569
0012 Instructional Resources and Media Services	41,262	-	41,262
0013 Curriculum and Instructional Staff Development	14,271	-	14,271
0023 School Leadership	326,396	-	326,396
0031 Guidance, Counseling, and Evaluation Services	3,297	76,797	80,094
0033 Health Services	89,174	-	89,174
0034 Student (Pupil) Transportation	175,564	-	175,564
0035 Food Services	-	305,334	305,334
0036 Extracurricular Activities	1,284,296	-	1,284,296
0041 General Administration	505,635	-	505,635
0051 Facilities Maintenance and Operations	821,972	-	821,972
0052 Security and Monitoring Services	9,503	-	9,503
0053 Data Processing Services	1,790	-	1,790
Debt Service:			
0071 Principal on Long-Term Liabilities	-	140,000	140,000
0072 Interest on Long-Term Liabilities	-	30,300	30,300
0073 Bond Issuance Cost and Fees	-	400	400
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	58,175	-	58,175
0099 Other Intergovernmental Charges	27,249	-	27,249
6030 Total Expenditures	6,432,301	918,683	7,350,984
1200 Net Change in Fund Balances	421,921	214,713	636,634
0100 Fund Balance - September 1 (Beginning)	4,880,400	241,307	5,121,707
3000 Fund Balance - August 31 (Ending)	\$ 5,302,321	\$ 456,020	\$ 5,758,341

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 636,634
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of adding and removing the 2022 capital outlays and deletions (\$1,022,599), debt principal payments (\$140,000) and adjusting the year end balance of compensated absences (\$5,450) is to increase net position.	1,168,049
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(466,987)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	(383,818)
GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in the ending net position to increase in the amount of \$105,710. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability.. This caused a decrease in the change in net position totaling \$80,452. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$19,537. The net result is an increase in the change in net position.	44,795
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$29,567. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$25,615. Finally the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$40,082. The net result is an increase in the change in net position.	44,034
Change in Net Position of Governmental Activities	\$ 1,042,706

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

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

	Private Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 146,971
Restricted Assets	273,043	-
Total Assets	<u>273,043</u>	<u>\$ 146,971</u>
NET POSITION		
Restricted for Scholarships	273,043	-
Restricted for Other Purposes	-	146,971
Total Net Position	<u>\$ 273,043</u>	<u>\$ 146,971</u>

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

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

	Private Purpose Trust Funds	Custodial Fund
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 35,087
Student Group Fundraising Activities	-	181,286
Earnings from Temporary Deposits	(329)	46
Contributions, Gifts and Donations	53,300	-
Total Additions	<u>52,971</u>	<u>216,419</u>
DEDUCTIONS:		
Supplies and Materials	-	209,598
Other Deductions	10,701	-
Total Deductions	<u>10,701</u>	<u>209,598</u>
Change in Fiduciary Net Position	42,270	6,821
Total Net Position - September 1 (Beginning)	<u>230,773</u>	<u>140,150</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 273,043</u></u>	<u><u>\$ 146,971</u></u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Windthorst Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

A. REPORTING ENTITY

The Board of Trustees (the "Board") has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the executive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Based on the criteria, Windthorst Independent School District has no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Windthorst Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

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

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

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

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

Fiduciary funds include Trust Funds and Custodial Funds. Data from fiduciary funds are not included in the government wide statements.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food services and debt services.

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

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Fiduciary Funds:

3. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are scholarship funds.

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

4. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds which include accounting for activities of student activity funds and other resources held for student activities. Custodial Funds report fiduciary activities for which there is no trust or equivalent arrangement. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budget program.

E. OTHER ACCOUNTING POLICIES

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

Investments are recorded at fair value or amortized cost and consist of U.S. Government agency obligations, mutual funds, and investments in the registered external local government investment pools. External local government investment pools are recognized at amortized cost as permitted by GASB Statement No. 79, Certain External Investment Pools and Pool Participants. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas (the "State") obligations of certain U.S. Government agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 of the Texas Government Code and Sections 23.80 and 20.42 of the Texas Education Code. For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of twelve months or less when purchased.

2. The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

3. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time of bond issuance. The District implemented GASB 87 for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

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. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. At August 31, 2022, the District had no material liability for accrued sick leave or vacation leave.

The District has adopted a vested retirement policy which provides reimbursement for state leave for employees upon retirement with at least 10 years of service with the District. With advance written notice according to the District's policy, eligible employees may be reimbursed for each unused day of state leave, to a maximum of 50 days, at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee. The liability for such vested retirement benefits has been recorded in the government wide financial statements.

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

The right-to-use lease asset capitalization level is determined by the Board. The term of the lease must be the non-cancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements as an expenditure in the fund level statements the year the agreement is made. Note with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government wide statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings, furniture and equipment, and lease assets of the District are depreciated using the straight line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease if there is an option to purchase which is expected to be exercised:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Building Improvements	20-45
Vehicles	5-10
Equipment	5-14

6. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

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

7. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State-wide data base for policy development and funding plans.
8. The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, error 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
9. The governmental fund financial statements present fund balances based on classification that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact, such as inventory and prepaid items. The District has no non-spendable funds.

Restricted fund balance – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments. At August 31, 2022, the District had restricted fund balances as follows:

Federal or State Funds Grant	\$ 214,074
Retirement for Long Term Debt	<u>238,615</u>
Total Restricted Fund Balance	<u>\$ 452,689</u>

Committed fund balance – Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees policy or resolution. This includes the budget reserves account. At August 31, 2022, the District had committed fund balances as follows:

For construction	\$ 2,540,000
For capital expenditures for equipment	<u>445,000</u>
Total Fund Balance Commitments	<u>\$ 2,985,000</u>

Assigned fund balance – Amounts that are designated by the District for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Trustees. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. At August 31, 2022, the District's assigned fund balance of \$3,331 represents Campus activity funds based upon resolution of the board.

Unassigned fund balance – All amounts not included in other spendable classifications. The District's financial goal is to have a sufficient balance in the operating fund with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. Additionally, the Board intends to maintain a four month operating reserve to allow for future contingencies or funding reductions.

10. Government-Wide Net Position

Net investment in capital assets- the components of net position that represents capital assets less capital debt plus unspent bond proceeds is \$5,620,867.

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

Restricted for Federal and State Programs-the component of net position that represents net resources restricted by external resources such as Federal and State Programs that will be fulfilled within a reasonable period of time at August 31, 2022 is \$214,074.

Restricted for debt service- the component of net position that reports the difference between assets and liabilities of the Debt Service Funds net of accrued interest at August 31, 2022 that consists of assets with constraints placed on their use by the bond covenants is \$238,615.

Restricted for Campus Activities- the component of net position that reports the difference between assets and liabilities of the Campus Fund at August 31, 2022 that consists of assets with constraints place on their use by external parties is \$3,331.

Unrestricted- the difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for Federal and State Programs, net position restricted for Capital Projects and net position restricted for Campus Activities is \$2,849,485.

11. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources reflects amounts paid to TRS pension retirement system and OPEB (TRS-Care) plan totaling \$770,006 which have not yet expensed by the measurement date of August 31, 2021.
12. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government-wide financials statements, the District reported \$1,446,015 as deferred inflows of resources amounts paid to TRS pension retirement system and OPEB (TRS-Care) plan which have not yet been realized by the measurement date of August 31, 2021.

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	\$ 447,313	\$ -	\$ 447,313	
Buildings	11,270,383	5,271,409	5,998,974	
Furniture & Equipment	<u>1,980,853</u>	<u>1,586,852</u>	<u>394,001</u>	
Change in Net Position	<u>\$13,698,549</u>	<u>\$ 6,858,261</u>	<u>\$ 6,840,288</u>	\$ 6,840,288
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
Bonds Payable			(\$1,450,000)	
Deferred Gain/Loss on Defeasance			56,428	
Bond Accretion Payable			(110,014)	
Unamortized Premium/(Discount) on Bonds			(29,314)	
Vested Retirement			<u>(66,350)</u>	
Change in Net Position				<u>(1,599,250)</u>
Net Adjustment to Net Position				<u>\$ 5,241,038</u>

Another element of the reconciliation on Exhibit C-2 relates to deferred inflows and outflows of resources relating to the recording of the District's proportionate share of TRS pension Liability (GASB 68) and TRS Care OPEB liability (GASB 75). These deferred inflows and outflows are not due and payable in the current period and, therefore, are not reported in the government fund statements. The adjustment to reflect these liabilities in the government-wide financial statements result in net adjustment to Net Position of \$676,928 for net pension liability required to be recorded by GASB 68 and \$1,743,968 for the net OPEB liability required to be recorded by GASB 75.

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

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

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

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings & Improvements	\$ 948,781	\$ 948,781	\$ 948,781
Furniture & Equipment	73,818	73,818	73,818
Total Capital Outlay	<u>\$ 1,022,599</u>	<u>\$ 1,022,599</u>	<u>\$ 1,022,599</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 140,000	\$ 140,000	\$ 140,000
Total Debt Activity	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>
 <u>Vested Retirement</u>	 \$ 5,450	 \$ 5,450	 \$ 5,450
Total Adjustment to Net Position		<u>\$ 1,168,049</u>	<u>\$ 1,168,049</u>

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

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	(\$ 9,837)	(\$ 9,837)	\$ -
Uncollected taxes(assumed collectible) from Current Year Levy	9,850	9,850	9,850
Uncollected Taxes (assumed collectible) from Prior Year Levy	19,109	(1,700)	19,109
<u>Reclassify Proceeds of Bonds, Loans & Capital Leases</u>			
Loss on disposal of asset	(377,777)	(377,777)	(377,777)
Bond Interest Accretion	(1,643)	(1,643)	(1,643)
Amortization of Gain/Loss on Refunding Debt	(5,642)	(5,642)	(5,642)
Amortization of Bond Premium	<u>2,931</u>	<u>2,931</u>	<u>2,931</u>
Total		<u>(\$ 383,818)</u>	<u>(\$ 353,172)</u>

Another element of the reconciliation on Exhibit C-4 relates to the District's recognition of its proportionate share of the net pension liability required by to be reported by GASB 68 and net OPEB liability required to be reported by GASB 75. These deferred inflows and outflows of resources related to the net pension and OPEB liability do not require the use of current financial resources and, therefore, are not reported as expenditures in the government fund statements.

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District had no excess expenditures over appropriations for the year.

C. DEFICIT FUND EQUITY

The District had no fund equity deficit at year-end.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract, contents of which are set out in the *Depository Contract Law*. The depository bank deposits for safekeeping and trust with its agent banks, 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 dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance or National Credit Union Administration (NCUA) insurance. Therefore, the District is not exposed to custodial risk.

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

Cash Deposits

On August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$4,623,683 and the bank balance was \$4,688,323. The District's cash deposits at August 31, 2022 and during the year then ended were entirely covered by FDIC or NCUA insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Pilgrim Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$8,961,155.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,583,152 and occurred during the month of March 2022.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

As of August 31, 2022, the following are the District's deposits and investments with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in days)</u>	<u>Credit Rating</u>
Cash (FDIC Insured)	\$ 2,574,665	N/A	N/A
Certificate of Deposits (FDIC Insured)	1,817,224	N/A	N/A
Cash (NCUA Insured)	231,742	N/A	N/A
Investment Pools:			
Lone Star Investment Pool	52	120 days or less	AAA
Total Cash and Cash Equivalents	<u>\$ 4,623,683</u>		

Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 365 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds.

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

The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area are conducted as a part of the overall audit, and focus on the areas 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.

The District participates in the First Public Local Government Pool ("Lone Star"), an external local government investment pool. A Board of Trustees composed of participants of Lone Star is responsible for the overall management of Lone Star. Lone Star has a Standard & Poor's rating of AAA.

Analysis of Specific Deposit and Investment Risks

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2022, investments were diversified in external local government investment pools with sufficient ratings from Standard & Poor's to reduce the probability of loss and comply with District's Investment Policy.

Custodial Credit Risk Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. At August 31, 2022, the District was not exposed to custodial credit risk.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District shall diversify in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Interest Rate Risk- To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District shall monitor interest rate risk using weighted average maturity and specific identification.

Foreign Currency Risk for Investments-Foreign currency risk that exchange rates will adversely affect fair value of an investment. At August 31, 2022, the District was not exposed to foreign currency risk.

Windthorst Independent School District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

B. PROPERTY TAXES

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

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

The District had no interfund balances at August 31, 2022.

Interfund transfers are defined as "flow of assets without equivalent flows of assets in return and without requirement of repayment." The District has no interfund transfers for the year ended August 31, 2022,

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2022, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Total Receivables</u>
Governmental Activities:			
General Fund	\$ 32,077	\$ 1,320,039	\$ 1,352,116
Debt Service Fund	4,392	16,019	20,411
Nonmajor Governmental Funds	-	37,351	37,351
Total - Governmental Activities	<u>\$ 36,469</u>	<u>\$ 1,373,409</u>	<u>\$ 1,409,878</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 7,509</u>	<u>\$ -</u>	<u>\$ 7,509</u>

Payables at August 31, 2022, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Accrued Expenses</u>	<u>Total Payables</u>
Governmental Activities:				
General Fund	\$ 32,326	\$ 226,178	\$ 5,190	\$ 263,694
Nonmajor Gov. Funds	<u>7,687</u>	<u>19,558</u>	<u>2,364</u>	<u>29,609</u>
Total - Governmental Activities	<u>\$ 40,013</u>	<u>\$ 245,736</u>	<u>\$ 7,554</u>	<u>\$ 293,303</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	\$ 447,313	\$ -	(\$ -)	\$ 447,313
Buildings and Improvements	11,270,383	948,781	(523,011)	11,696,153
Furniture and Equipment	<u>1,980,853</u>	<u>73,818</u>	<u>(-)</u>	<u>2,054,671</u>
Totals at Historic Cost	<u>13,698,549</u>	<u>1,022,599</u>	<u>(523,011)</u>	<u>14,198,137</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,271,409)	(388,571)	145,234	(5,514,746)
Furniture and Equipment	<u>(1,586,852)</u>	<u>(78,416)</u>	<u>-</u>	<u>(1,665,268)</u>
Total Accumulated Depreciation	<u>(6,858,261)</u>	<u>(466,987)</u>	<u>145,234</u>	<u>(7,180,014)</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,840,288</u>	<u>\$ 555,612</u>	<u>(\$ 377,777)</u>	<u>\$ 7,018,123</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 259,360
School Leadership	1,187
Student (Pupil) Transportation	63,001
Co-curricular/Extracurricular Activities	105,235
Plant Maintenance and Operations	35,390
Security and Monitoring Services	<u>2,814</u>

Total Depreciation Expense	<u>\$ 466,987</u>
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G. BONDS AND LONG-TERM NOTES PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2022 is as follows:

DESCRIPTION	<u>Amounts</u> <u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Current</u> <u>Year</u>	<u>Payable</u> <u>Amounts</u> <u>Outstanding</u> <u>9/1/21</u>	<u>Issued/</u> <u>Additions</u>	<u>Accretion</u>	<u>Retired</u>	<u>Outstanding</u> <u>8/31/22</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Unlimited Tax Refunding								
Bonds Series 2020	\$1,555,000	\$ 30,300	\$ 1,415,000	\$ -	\$ -	\$ 140,000	\$ 1,275,000	\$ 145,000
Refunding Bonds Series								
2020 (CABS)	\$ 150,000		145,014	-	1,643	-	146,657	-
Total Bonds		<u>\$ 30,300</u>	<u>\$ 1,560,014</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 140,000</u>	<u>\$ 1,421,657</u>	<u>\$ 145,000</u>
Plus:								
Unamortized Premium								
on Bond Issuance			29,314	-	-	2,931	26,383	
Unamortized Loss on								
Defeasance of Bonds			(56,428)	-	-	(5,642)	(50,786)	
Vested Retirement			66,350	-	-	5,450	60,900	
Total Long Term Debt A-1			<u>\$ 1,599,250</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 142,739</u>	<u>\$ 1,458,154</u>	
Net Pension Liability			\$ 991,075	(\$ 430,522)	\$ -	\$ 80,452	\$ 480,101	
Net OPEB Liability			<u>\$ 1,208,600</u>	<u>\$ 81,801</u>	<u>\$ -</u>	<u>\$ 25,615</u>	<u>\$ 1,264,786</u>	

Defeased Debt

In November 2020, the District issued general obligation bonds of \$1,590,000 (par value) with interest rates ranging from 1.13% to 5.0% which included \$1,590,000 to advance refund the general obligation bonds from the Unlimited Tax School Building Bond, Series 2011 with interest rates ranging from 1.0% to 4.0%. The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments (consisting of interest payments only) until the bonds are called in 2031. The advance refunding met the requirements of an in-substance defeasance and the bonds were removed from the District's books. As a result of the advance refunding, the District reduced its total debt service requirements by \$88,089, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$35,378.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022.

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H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Debt service requirements for bonds are as follows:

<u>Year Ended</u> <u>August 31</u>	<u>General Obligations</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest Accretion</u>	<u>Interest</u>	<u>Requirements</u>
2023	\$ 145,000		\$ 23,300	\$ 168,300
2024	35,000	115,000	16,050	166,050
2025	150,000		16,050	166,050
2026	155,000		14,730	169,730
2027	160,000		12,947	172,947
2028-2031	665,000		28,934	693,934
Total	<u>\$ 1,310,000</u>	<u>\$ 115,000</u>	<u>\$ 112,011</u>	<u>\$ 1,537,011</u>

I. COMMITMENTS UNDER OPERATING LEASES AND MAINTENANCE AGREEMENTS

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2022, as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Operating</u> <u>Leases</u>	<u>Maintenance</u> <u>Agreement</u>
2023	\$ 1,000	\$ 1,224
2024	1,000	1,224
2025	1,000	1,224
2026	1,000	1,224
2027	1,000	1,224
Total Minimum Rentals	<u>\$ 5,000</u>	<u>\$ 6,120</u>
Rental Expenditures in Fiscal Year 2022	<u>\$ 1,390</u>	

J. ACCUMULATED VESTED LEAVE BENEFITS

At August 31, 2022, the District had \$60,900 of accumulated vested leave benefits payable to employees with ten or more years of service based on vested retirement policy adopted. This policy provides for up to a maximum of 50 days cumulative at a rate established by the board, currently \$50 per day.

K. DEFINED BENEFIT PENSION PLAN

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who 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 that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

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

<u>Contribution Rates</u>		
	<u>2021</u>	<u>2022</u>
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
District's 2022 FY Employer Contributions		\$ 105,710
District's 2022 FY Member Contributions		\$ 273,620
2021 Measurement Year NECE On-Behalf Contributions		\$ 204,133

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 the fiscal year reduced by the amounts described below which are paid by the employers. Employers (including public schools, 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

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charters schools, and regional education service centers must contribute 1.6 percent of the member's salary gradually increasing to 2.0 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2021 are disclosed below: (From TRS Annual Comprehensive Financial Report 2021, p. 86.)

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 227,273,463,630
Less: Plan Fiduciary Net Position	(201,807,002,496)
Net Pension Liability	\$ 25,466,461,134
Net Position as Percentage of Total Pension Liability	88.79 %

Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 11 Page 87.*

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	1.95% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of cash flows used to determine the 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 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

Table 3.A.1: Asset Allocations			
Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	3.6 %	0.94 %
Non-US Developed	13.0	4.4	0.83
Emerging Markets	9.0	4.6	0.74
Private Equity	14.0	6.3	1.36
Stable Value			
Government Bonds	16.0 %	(0.2)%	0.01 %
Absolute Return	0.0	1.1	0.00
Stable Value Hedge Funds	5.0	2.2	0.12
Real Return			
Real Estate	15.0 %	4.5 %	1.00 %
Energy, Natural Resources & Infrastructure	6.0	4.7	0.35
Commodities	0.0	1.7	0.00
Risk Parity	8.0 %	2.8 %	0.28 %
Asset Allocation Leverage			
Cash	2.0 %	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0)	(0.5)	0.03
Inflation Expectation			2.20 %
Volatility Drag****			(0.95)%
Expected Return	100.0 %		6.90 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2021 policy model.			
***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).			
****The volatility drag results from the conversion between arithmetic and geometric mean returns.			

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

	<u>1% Decrease in</u> <u>Discount Rate</u> <u>(6.25%)</u>	<u>Current Single</u> <u>Discount Rate</u> <u>(7.25%)</u>	<u>1% Increase in</u> <u>Discount Rate</u> <u>(8.25%)</u>
District's proportionate share of the net pension liability:	\$ 1,049,097	\$ 480,101	\$ 18,473

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, Windthorst Independent School District reported a liability of \$480,101 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Windthorst Independent School District. The amount recognized by Windthorst Independent School 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 Windthorst Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 480,101
State's proportionate share that is associated with the District	<u>1,218,178</u>
Total	<u>\$ 1,698,279</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 .0018852290% which was an increase of 0.0000347565% from its proportion measured as of August 31, 2020.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation –There were no changes in assumptions since the prior measurement date.

Changes in Benefits - There were no changes in benefits.

For the year ended August 31, 2022, Windthorst Independent School District recognized pension expense of \$65,785 and revenue of \$ 4,870 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2022, Windthorst Independent School 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual economic experience	\$ 803	\$ 33,799
Changes in actuarial assumptions	169,706	73,977
Net Difference between projected and actual investment earnings	-	402,559
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>54,802</u>	<u>17,513</u>
Total as of August 31, 2021 measurement date	225,311	527,848
Contributions paid to TRS subsequent to the measurement date	<u>105,710</u>	-
Total as of the fiscal year-end	<u>\$ 331,021</u>	<u>\$ 527,848</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the district in pension expense as follows:

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2023	(\$ 50,660)
2024	(\$ 54,402)
2025	(\$ 84,766)
2026	(\$ 113,521)
2027	\$ 944
Thereafter	(\$ 132)

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021 as presented in the TRS 2021 ACFR on page 76 are as follows:

Table 9.E.1: Net OPEB Liability	
Components of Liability	Amount
Total OPEB Liability	\$ 41,113,711,083
Less: Plan Fiduciary Net Position	(2,539,242,470)
Net OPEB Liability	\$ 38,574,468,613
Net Position as a Percentage of Total OPEB Liability	6.18 %

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

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

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2021</u>	<u>2022</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
District's 2022 FY Employer Contributions		\$ 29,567
District's 2022 FY Member Contributions		\$ 22,231
2021 Measurement Year NECE On-Behalf Contributions		\$ 34,318

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Updated procedures were used to roll forward the Total OPEB liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 9 page 76.*

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

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

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

Additional Actuarial Methods and Assumptions:

Table 9.F.1: Actuarial Methods and Assumptions	
Component	Result
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.
Salary Increases	3.05 % to 9.05 %, including inflation
Ad Hoc Post-Employment Benefit Changes	None

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

Discount Rate. A single discount rate of 1.95% was used to measure the Total OPEB liability. There was a decrease of .38 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2021 TRS ACFR on page 77.* Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	<u>1% Decrease in Discount Rate (0.95%)</u>	<u>Current Single Discount Rate (1.95%)</u>	<u>1% Increase in Discount Rate (2.95%)</u>
District's proportionate share of the Net OPEB Liability:	\$ 1,525,623	\$ 1,264,786	\$ 1,059,498

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, Windthorst Independent School District reported a liability of \$1,264,786 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 Windthorst Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 1,264,786
State's proportionate share that is associated with the District	<u>1,694,531</u>
Total	<u>\$ 2,959,317</u>

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

At August 31, 2021 the employer's proportion of the collective Net OPEB Liability was 0.0032788160% compared to the 0.0031793130% as of August 31, 2020. This is an increase of 0.0000995030%.

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of the Net OPEB Liability:	\$ 1,024,435	\$ 1,264,786	\$ 1,587,277

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period: *[These can be found in the 2021 TRS ACFR on page 77.]*

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

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

For the year ended August 31, 2022, Windthorst Independent School District recognized OPEB expense of (\$ 77,008) and revenue of (\$62,541) for support provided by the State.

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At August 31, 2022, Windthorst Independent School 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:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual economic experience	\$ 54,455	\$ 612,245
Changes in actuarial assumptions	140,090	267,479
Net Difference between projected and actual investment earnings	1,373	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>213,500</u>	<u>38,443</u>
Total as of August 31, 2021 measurement date	\$ 409,418	\$ 918,167
Contributions paid to TRS subsequent to the measurement date	<u>29,567</u>	<u>-</u>
Total as of the fiscal year end	<u>\$ 438,985</u>	<u>\$ 918,167</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs (not including the contributions subsequent to measurement date) will be recognized by the district in OPEB expense as follows:

Year ended June 30:	OPEB Expense Amount
2023	(\$ 105,496)
2024	(\$ 105,527)
2025	(\$ 105,519)
2026	(\$ 72,227)
2027	(\$ 27,154)
Thereafter	(\$ 92,826)

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, 2021, and 2020 the subsidy payments received by TRS-Care on-behalf of the District were \$14,097, \$14,169 and \$13,133 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

M. HEALTH CARE COVERAGE - ACTIVE EMPLOYEES

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

During the year ended August 31, 2022 the District paid premiums of \$417 per month per employee to the Plan. 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 the licensed insurer.

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

N. ON-BEHALF PAYMENTS

The District records on-behalf payments from the State of Texas to be used for Teacher Retirement in the amount of \$250,786.

O. UNAVAILABLE REVENUE

Unavailable revenue at year end consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u>
Unavailable Revenue-Property Taxes	\$ 25,380	\$ 3,580	\$ 28,960
Total Unavailable Revenue	<u>\$ 25,380</u>	<u>\$ 3,580</u>	<u>\$ 28,960</u>

P. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies except for Small, Rural School Achievement Program which is received directly from the U.S. Department of Education Grant Management System (G5).

<u>FUND</u>	<u>STATE</u> <u>ENTITLEMENTS</u>	<u>STATE PASS-</u> <u>THROUGH</u> <u>GRANTS</u>	<u>DIRECT</u> <u>FEDERAL</u> <u>GRANTS</u>	<u>TOTAL</u>
General Fund	\$ 1,320,039	\$ -	\$ -	\$ 1,320,039
Nonmajor Governmental	-	49,285	4,085	53,370
Total	<u>\$ 1,320,039</u>	<u>\$ 49,285</u>	<u>\$ 4,085</u>	<u>\$ 1,373,409</u>

Q. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Private</u> <u>Purpose</u> <u>Trust Fund</u>	<u>Custodial</u> <u>Funds</u>	<u>Total</u>
Property Taxes	\$ 970,884	\$ -	\$ 151,606	\$ -	\$ -	\$1,122,490
Penalties, Interest and Other Tax-related Income	5,861	-	848	-	-	6,709
Tuition and fees	43,200	-	-	-	-	43,200
Investment Income	4,252	22	249	(329)	46	4,240
Gifts and Bequests	22,361	1,016	-	53,300	35,087	111,764
Food Sales	-	20,503	-	-	-	20,503
Co-curricular Student Activities	67,750	-	-	-	-	67,750
Student Group Fundraising Activities	-	-	-	-	181,286	181,286
Other	6,023	16,499	-	-	-	22,522
Total	<u>\$1,120,331</u>	<u>\$ 38,040</u>	<u>\$ 152,703</u>	<u>\$ 52,971</u>	<u>\$ 216,419</u>	<u>\$1,580,464</u>

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

R. BUILDING LEASE

The District leases land and buildings for some of its campuses from the local church. Under the terms of the agreement, the District agrees to spend necessary amounts to keep the building in good maintenance and repair. The following represents the District's expenditures relative to the building lease for the contract period September 1, 2021 to August 31, 2022.

Parish Lease Agreement	\$ 1,000
Multi-Peril Insurance	<u>22,194</u>
Total	<u>\$ 23,194</u>

S. CONTINGENCIES

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

Litigation. No reportable litigation was pending against the District at August 31, 2022.

T. FUND BALANCE COMMITMENTS

The District has committed amounts of fund balance as of August 31, 2022 as follows:

Committed for facility improvements	\$ 2,540,000
Committed for capital expenditures for equipment, bus, school safety and band instruments	<u>445,000</u>
Total fund balance commitments	<u>\$ 2,985,000</u>

The board of trustees for Windthorst ISD is accumulating increased amounts in unassigned fund balance to allow for unforeseen increases in expenditures due to projected increases in future ADA and costs of operations. Additionally, the board intends to maintain a four month operating reserve to allow for future contingencies or funding reductions.

U. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for local and state special education with six other school districts. Although 10.93% of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Olney ISD, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Windthorst Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. Presented below are the revenues and expenditures of state funds attributable to the District's participation.

	State & Local	Federal
Revenues:	<u>\$ 58,175</u>	<u>\$ 85,931</u>
Expenditures:	<u>\$ 58,175</u>	<u>\$ 85,931</u>

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

V. SUBSEQUENT EVENTS

The District's management has evaluated the impact of all subsequent events on the District through financial statement issuance. As a result of the continued COVID-19 pandemic, economic uncertainties have arisen which could have a negative effect on operations. There continues to be considerable uncertainty around the duration surrounding this pandemic. Therefore, the potential impact is currently unknown. No other subsequent events have occurred that require recognition or disclosure in the financial statements.

W. RELATED ORGANIZATIONS

The District has no material related organizations as defined by *Governmental Accounting Standards Board Statement Number 14*.

X. NEW ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. During fiscal year 2022, the District adopted GASB Statement No. 87, Leases. Prior to the implementation of GASB 87, certain District leases with an initial noncancelable period of more than one year were reported as operating leases. After the implementation of GASB 87, these leases and related assets were reported as right-to-use leased assets and right-to-use leased assets payable. Existing operating leases values are determined at the date of implementation and the value of the lease asset will equal the value of the lease asset payable with no prior period adjustment recorded. The District had no such right-to-use leases to report.

In May 2019, the GASB issued Statement No. 91 *Conduit debt obligations*. 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 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. GASB 95 postponed the effective date one year. The District has no conduit debt obligations.

In January 2020, the GASB issued Statement No. 92 *Omnibus 2020*. The objective of this Statement is 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Implementation of this standard has been extended until the reporting periods beginning after December 15, 2021. GASB No.95 postponed the effective date for one year. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. 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. The following statements are postponed by one year: Nos. 83, 84, 88, 89, 90, 91, 92 and 93. The following statement was postponed by 18 months: No 87. The requirements of this Statement are effective immediately. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

In May 2020, the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. 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- and 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 SBITA. The requirements of this Statement are effective for years beginning after June 15, 2022. The District has not determined the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2020, the GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- An Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to 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 cost 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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

In October 2021, the GASB issued Statement No. 98 *The Annual Comprehensive Financial Report*. 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. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. The District determined there was no impact upon its financial position, results of operations or cash flows upon adoption.

Y. PRIOR PERIOD ADJUSTMENT

The government wide financial statements on Exhibits A-1 and B-1 reflect a prior period adjustment of \$112,856 to properly reflect the unamortized loss on defeasance of bonds of \$56,428 at August 31, 2021 as a deferred loss rather than a deferred gain.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 960,727	\$ 1,123,527	\$ 1,120,331	\$ (3,196)
5800	State Program Revenues	5,018,419	5,203,497	5,607,326	403,829
5900	Federal Program Revenues	30,000	120,147	126,565	6,418
5020	Total Revenues	6,009,146	6,447,171	6,854,222	407,051
EXPENDITURES:					
Current:					
0011	Instruction	3,073,948	3,199,511	3,073,717	125,794
0012	Instructional Resources and Media Services	37,595	49,928	41,262	8,666
0013	Curriculum and Instructional Staff Development	12,840	21,580	14,271	7,309
0023	School Leadership	276,128	334,398	326,396	8,002
0031	Guidance, Counseling, and Evaluation Services	8,489	10,567	3,297	7,270
0033	Health Services	72,894	99,779	89,174	10,605
0034	Student (Pupil) Transportation	226,237	302,187	175,564	126,623
0035	Food Services	8,243	8,243	-	8,243
0036	Extracurricular Activities	1,213,769	1,374,669	1,284,296	90,373
0041	General Administration	490,053	541,569	505,635	35,934
0051	Facilities Maintenance and Operations	611,684	922,361	821,972	100,389
0052	Security and Monitoring Services	8,794	19,575	9,503	10,072
0053	Data Processing Services	5,000	8,000	1,790	6,210
0061	Community Services	350	350	-	350
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	64,552	90,552	58,175	32,377
0099	Other Intergovernmental Charges	36,000	51,000	27,249	23,751
6030	Total Expenditures	6,146,576	7,034,269	6,432,301	601,968
1200	Net Change in Fund Balances	(137,430)	(587,098)	421,921	1,009,019
0100	Fund Balance - September 1 (Beginning)	4,880,400	4,880,400	4,880,400	-
3000	Fund Balance - August 31 (Ending)	\$ 4,742,970	\$ 4,293,302	\$ 5,302,321	\$ 1,009,019

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Pension Liability (Asset)	0.001885229%	0.001850473%	0.001773282%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 480,101	\$ 991,075	\$ 921,807
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	1,218,178	2,522,487	2,311,054
Total	<u>\$ 1,698,279</u>	<u>\$ 3,513,562</u>	<u>\$ 3,232,861</u>
District's Covered Payroll	\$ 3,187,322	\$ 3,078,288	\$ 2,726,346
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	15.06%	32.20%	33.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.001798829%	0.001692766%	0.001828718%	0.0018586%	0.0009372%
\$ 990,119	\$ 541,255	\$ 691,045	\$ 656,990	250,339
2,632,787	1,515,332	1,869,674	1,884,946	1,622,061
<u>\$ 3,622,906</u>	<u>\$ 2,056,587</u>	<u>\$ 2,560,719</u>	<u>\$ 2,541,936</u>	<u>\$ 1,872,400</u>
\$ 2,754,798	\$ 2,570,812	\$ 2,607,810	\$ 2,590,818	2,585,362
35.94%	21.05%	26.50%	25.36%	9.68%
73.74%	82.17%	78.00%	78.43%	83.25%

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 105,710	\$ 80,452	\$ 76,351
Contribution in Relation to the Contractually Required Contribution	(105,710)	(80,452)	(76,351)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,420,247	\$ 3,187,322	\$ 3,078,288
Contributions as a Percentage of Covered Payroll	3.09%	2.52%	2.48%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2019	2018	2017	2016	2015
\$ 62,067	\$ 60,607	\$ 55,479	\$ 75,513	\$ 54,620
(62,067)	(60,607)	(55,479)	(75,513)	(54,620)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,726,346	\$ 2,754,798	\$ 2,570,812	\$ 2,607,810	\$ 2,590,818
2.28%	2.20%	2.16%	2.90%	2.11%

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.003278816%	0.003179313%	0.003039636%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,264,786	\$ 1,208,600	\$ 1,437,481
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,694,531	1,624,069	1,910,091
Total	\$ 2,959,317	\$ 2,832,669	\$ 3,347,572
District's Covered Payroll	\$ 3,187,322	\$ 3,078,288	\$ 2,726,346
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.68%	39.26%	52.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.18%	4.99%	2.66%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2019</u>		<u>FY 2018</u>	
<u>Plan Year 2018</u>		<u>Plan Year 2017</u>	
	0.003132098%		0.002686224%
\$	1,563,885	\$	1,247,456
	2,428,545		2,074,062
\$	3,992,430	\$	3,321,518
\$	2,754,798	\$	2,570,812
	56.77%		48.52%
	1.57%		0.91%

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

	2022	2021	2020
Contractually Required Contribution	\$ 29,567	\$ 25,615	\$ 24,165
Contribution in Relation to the Contractually Required Contribution	(29,567)	(25,615)	(24,165)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,420,247	\$ 3,187,322	\$ 3,078,288
Contributions as a Percentage of Covered Payroll	0.86%	0.80%	0.79%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

<hr/>		<hr/>	
2019		2018	
<hr/>		<hr/>	
\$	21,573	\$	21,607
	(21,573)		(21,607)
<hr/>		<hr/>	
\$	-	\$	-
<hr/>		<hr/>	
\$	2,726,346	\$	2,754,798
	0.79%		0.78%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

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

Changes in Assumptions.

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

COMBINING AND OTHER SCHEDULES

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

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief -CARES
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 208,437	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	4,281	13,259	998	-
1410	Prepayments	-	235	-	-
1000	Total Assets	<u>\$ 4,281</u>	<u>\$ 221,931</u>	<u>\$ 998</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 7,687	\$ -	\$ -
2160	Accrued Wages Payable	3,842	-	896	-
2200	Accrued Expenditures	439	170	102	-
2000	Total Liabilities	<u>4,281</u>	<u>7,857</u>	<u>998</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	214,074	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>214,074</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,281</u>	<u>\$ 221,931</u>	<u>\$ 998</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

270 ESEA V, B,2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288 Title IV Part A Subpart I	410 State Instructional Materials	427 TCLAS- GR	429 Math Achievement Academy
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,025)	\$ (315)	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,085	307	5,663	5,542	876	2,025	315	-
-	-	-	-	-	-	-	-
<u>\$ 4,085</u>	<u>\$ 307</u>	<u>\$ 5,663</u>	<u>\$ 5,542</u>	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,672	300	5,082	4,979	787	-	-	-
413	7	581	563	89	-	-	-
<u>4,085</u>	<u>307</u>	<u>5,663</u>	<u>5,542</u>	<u>876</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,085</u>	<u>\$ 307</u>	<u>\$ 5,663</u>	<u>\$ 5,542</u>	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 3,331	\$ 209,428	\$ 222,596	\$ 432,024
1220	Property Taxes - Delinquent	-	-	4,392	4,392
1230	Allowance for Uncollectible Taxes	-	-	(812)	(812)
1240	Due from Other Governments	-	37,351	16,019	53,370
1410	Prepayments	-	235	-	235
1000	Total Assets	<u>\$ 3,331</u>	<u>\$ 247,014</u>	<u>\$ 242,195</u>	<u>\$ 489,209</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 7,687	\$ -	\$ 7,687
2160	Accrued Wages Payable	-	19,558	-	19,558
2200	Accrued Expenditures	-	2,364	-	2,364
2000	Total Liabilities	<u>-</u>	<u>29,609</u>	<u>-</u>	<u>29,609</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	3,580	3,580
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>3,580</u>	<u>3,580</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	214,074	-	214,074
3480	Retirement of Long-Term Debt	-	-	238,615	238,615
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	3,331	3,331	-	3,331
3000	Total Fund Balances	<u>3,331</u>	<u>217,405</u>	<u>238,615</u>	<u>456,020</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,331</u>	<u>\$ 247,014</u>	<u>\$ 242,195</u>	<u>\$ 489,209</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	266 ESSER -School Emergency Relief -CARES
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 20,524	\$ -	\$ -
5800 State Program Revenues	-	1,094	-	-
5900 Federal Program Revenues	41,587	440,345	10,106	694
5020 Total Revenues	41,587	461,963	10,106	694
EXPENDITURES:				
Current:				
0011 Instruction	41,587	-	10,106	694
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	305,334	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	41,587	305,334	10,106	694
1200 Net Change in Fund Balance	-	156,629	-	-
0100 Fund Balance - September 1 (Beginning)	-	57,445	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 214,074	\$ -	\$ -

270 ESEA V, B,2 Rural & Low Income	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288 Title IV Part A Subpart I	410 State Instructional Materials	427 TCLAS- GR	429 Math Achievement Academy
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	13,941	60,529	304
39,963	307	81,927	165,803	10,331	-	-	-
39,963	307	81,927	165,803	10,331	13,941	60,529	304
39,963	307	81,927	89,006	10,331	13,941	60,529	304
-	-	-	76,797	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
39,963	307	81,927	165,803	10,331	13,941	60,529	304
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 17,516	\$ 38,040	\$ 152,703	\$ 190,743
5800 State Program Revenues	-	75,868	75,722	151,590
5900 Federal Program Revenues	-	791,063	-	791,063
5020 Total Revenues	17,516	904,971	228,425	1,133,396
EXPENDITURES:				
Current:				
0011 Instruction	17,157	365,852	-	365,852
0031 Guidance, Counseling, and Evaluation Services	-	76,797	-	76,797
0035 Food Services	-	305,334	-	305,334
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	140,000	140,000
0072 Interest on Long-Term Liabilities	-	-	30,300	30,300
0073 Bond Issuance Cost and Fees	-	-	400	400
6030 Total Expenditures	17,157	747,983	170,700	918,683
1200 Net Change in Fund Balance	359	156,988	57,725	214,713
0100 Fund Balance - September 1 (Beginning)	2,972	60,417	180,890	241,307
3000 Fund Balance - August 31 (Ending)	\$ 3,331	\$ 217,405	\$ 238,615	\$ 456,020

WINDTHORST INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2022

	816 George Beaman Scholarship	817 Monte Schenk Endowment	818 Les Conrady Scholarship	819 Paul & Mary Schenk Scholarship
ASSETS				
Restricted Assets	\$ 29,609	\$ 28,483	\$ 39,973	\$ 19,339
Total Assets	<u>29,609</u>	<u>28,483</u>	<u>39,973</u>	<u>19,339</u>
NET POSITION				
Restricted for Scholarships	29,609	28,483	39,973	19,339
Total Net Position	<u>\$ 29,609</u>	<u>\$ 28,483</u>	<u>\$ 39,973</u>	<u>\$ 19,339</u>

820 Top of Texas Scholarship	823 Michelle Cannedy Scholarship	824 Ray Schreiber Scholarship	825 Connie Steinberger Scholarship	Total Private Purpose Trust Funds
\$ 1,003	\$ 122,881	\$ 83	\$ 31,672	\$ 273,043
<u>1,003</u>	<u>122,881</u>	<u>83</u>	<u>31,672</u>	<u>273,043</u>
1,003	122,881	83	31,672	273,043
<u>\$ 1,003</u>	<u>\$ 122,881</u>	<u>\$ 83</u>	<u>\$ 31,672</u>	<u>\$ 273,043</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

	816 George Beaman Scholarship	817 Monte Schenk Endowment	818 Les Conrady Scholarship	819 Paul & Mary Schenk Scholarship
ADDITIONS:				
Earnings from Temporary Deposits	\$ 898	\$ 1,219	\$ 1,330	\$ (3,826)
Contributions, Gifts and Donations	100	-	1,000	200
Total Additions	998	1,219	2,330	(3,626)
DEDUCTIONS:				
Other Deductions	501	900	500	300
Total Deductions	501	900	500	300
Change in Net Position	497	319	1,830	(3,926)
Net Position - September 1 (Beginning)	29,112	28,164	38,143	23,265
Net Position - August 31 (Ending)	<u>\$ 29,609</u>	<u>\$ 28,483</u>	<u>\$ 39,973</u>	<u>\$ 19,339</u>

820 Top of Texas Scholarship	823 Michelle Cannedy Scholarship	824 Ray Schreiber Scholarship	825 Connie Steinberger Scholarship	Total Private Purpose Trust Funds
\$ 3	\$ 43	\$ 3	\$ 1	\$ (329)
1,500	50,100	400	-	53,300
1,503	50,143	403	1	52,971
1,500	4,000	1,000	2,000	10,701
1,500	4,000	1,000	2,000	10,701
3	46,143	(597)	(1,999)	42,270
1,000	76,738	680	33,671	230,773
<u>\$ 1,003</u>	<u>\$ 122,881</u>	<u>\$ 83</u>	<u>\$ 31,672</u>	<u>\$ 273,043</u>

REQUIRED T.E.A. SCHEDULES

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 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	1.170000	0.090000	75,094,524
2015	1.170000	0.120000	75,908,992
2016	1.170000	0.120000	90,191,860
2017	1.170000	0.120000	86,372,403
2018	1.170000	0.120000	88,281,291
2019	1.170000	0.130000	89,711,077
2020	1.068350	0.160000	91,608,972
2021	1.054700	0.161270	91,654,482
2022 (School year under audit)	1.051700	0.160000	92,787,406
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 148	\$ -	\$ -	\$ -	\$ -	\$ 148
116	-	-	-	1	117
139	-	-	-	-	139
532	-	200	21	-	312
2,572	-	(192)	(20)	-	2,784
3,907	-	1,374	141	-	2,392
10,942	-	3,766	418	-	6,758
10,465	-	2,507	371	-	7,587
8,225	-	1,086	166	(1,108)	5,865
-	1,124,305	961,254	150,415	(2,267)	10,369
<u>\$ 37,046</u>	<u>\$ 1,124,305</u>	<u>\$ 969,995</u>	<u>\$ 151,512</u>	<u>\$ (3,374)</u>	<u>\$ 36,469</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 10,000	\$ 19,321	\$ 20,524	\$ 1,203
5800	State Program Revenues	1,000	1,000	1,094	94
5900	Federal Program Revenues	212,660	424,122	440,345	16,223
5020	Total Revenues	223,660	444,443	461,963	17,520
EXPENDITURES:					
Current:					
0035	Food Services	223,660	337,160	305,334	31,826
6030	Total Expenditures	223,660	337,160	305,334	31,826
1200	Net Change in Fund Balances	-	107,283	156,629	49,346
0100	Fund Balance - September 1 (Beginning)	57,445	57,445	57,445	-
3000	Fund Balance - August 31 (Ending)	\$ 57,445	\$ 164,728	\$ 214,074	\$ 49,346

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 130,800	\$ 152,672	\$ 152,703	\$ 31
5800 State Program Revenues	74,702	86,299	75,722	(10,577)
5020 Total Revenues	205,502	238,971	228,425	(10,546)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	140,000	140,000	140,000	-
0072 Interest on Long-Term Liabilities	30,300	30,300	30,300	-
0073 Bond Issuance Cost and Fees	1,000	1,000	400	600
6030 Total Expenditures	171,300	171,300	170,700	600
1200 Net Change in Fund Balances	34,202	67,671	57,725	(9,946)
0100 Fund Balance - September 1 (Beginning)	180,890	180,890	180,890	-
3000 Fund Balance - August 31 (Ending)	\$ 215,092	\$ 248,561	\$ 238,615	\$ (9,946)

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 231,077
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 144,864

Section B: Bilingual Education Programs

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.	\$ 18,447
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$ 10,534

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

FREEMON, SHAPARD & STORY

Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Trustees
Windthorst Independent School District
Windthorst, Texas 76389

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Windthorst Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Windthorst Independent School District's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Freemon, Shapard & Story

A handwritten signature in cursive script that reads "Freeman, Shapard & Story".

Windthorst, Texas

December 2, 2022

FREEMON, SHAPARD & STORY

Certified Public Accountants

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Windthorst Independent School District
Windthorst, Texas 76389

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited Windthorst Independent School District's compliance with the types of compliance requirements identified as subject to an audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Windthorst Independent School District's major federal programs for the year ended August 31, 2022. Windthorst Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Windthorst Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Windthorst Independent School District's compliance with the compliance requirements referred to above.

Responsibility 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 Windthorst Independent School District's federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Windthorst Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Windthorst Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Windthorst Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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 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.

Freemon, Shapard & Story



Windthorst, Texas

December 2, 2022

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

I. Summary of the Auditors' Results:

Type of report on financial statements	Unmodified Opinion
Significant Deficiencies	None
Material weaknesses involving control deficiencies	None
Noncompliance material to the financial statements	None
Type of report on compliance with major programs	Unmodified Opinion
Findings and questioned costs for federal awards as Defined in 2 CFR Section 200.516(a)	None
Dollar threshold considered between Type A and Type B federal programs	\$750,000
Major Federal Programs Include:	
10.553/10.555	Child Nutrition Cluster

II. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*:

No findings required to be reported in accordance with *Government Auditing Standards* for the year ended August 31, 2022.

III. Findings Relating to Noncompliance with Federal Awards Reported in Accordance with 2 CFR 200.516(a)

No findings or questioned costs required to be reported in accordance with 2 CFR 200.516(a) for the year ended August 31, 2022.

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

There were no findings in the prior year.

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

<u>Finding Number</u>	<u>Contact Person</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date Corrected</u>
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The audit disclosed no audit findings.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358A	S358A214120	\$ 35,878
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358A	S358A223913	4,085
Total Assistance Listing Number 84.358			39,963
Total Direct Programs			39,963
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101005904	37,306
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101005904	4,281
Total Assistance Listing Number 84.010			41,587
ESEA, Title II, Part A, Teacher Principal Training	84.367A	22694501005904	9,108
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501005904	998
Total Assistance Listing Number 84.367			10,106
Elementary & Secondary School Emergency Relief Fd	84.425D	20521001005904	694
Elementary Secondary School Emergency Relief II	84.425D	21521001005904	81,927
ESSER III - ARP School Emergency Relief	84.425U	21528001005904	165,804
Texas COVID Learning Supports - State ESSER III	84.425U	21528042005904	307
Total Assistance Listing Number 84.425			248,732
ESEA, Title IV, Part A	84.424A	22680101005904	9,454
ESEA, Title IV, Part A	84.424A	23680101005904	876
Total Assistance Listing Number 84.424			10,330
Total Passed Through Texas Education Agency			310,755
TOTAL U.S. DEPARTMENT OF EDUCATION			350,718
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402201	133,866
*National School Lunch Program - Cash Assistance	10.555	71302201	284,959
Total Child Nutrition Cluster			418,825
*Commodity Supplemental - Non-Cash Assistance	10.565	005904	20,906
*Emergency Food Assistance Program (Food Commodities)	10.569	005904	614
Total Food Distribution Cluster			21,520
Total Passed Through the Texas Department of Agriculture			440,345
TOTAL U.S. DEPARTMENT OF AGRICULTURE			440,345
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 791,063
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Windthorst Independent School District under programs of the federal government for the year ended August 31, 2022. The information in this schedule 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 Windthorst Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Windthorst Independent School District.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Reconciliation of Federal Expenditures per the SEFA to the Basic Financial Statements

Federal Program Revenue Reported on Exhibit C-3	\$ 917,628
Less SHARS revenue reported in the General Fund not considered to be federal awards for inclusion on the Schedule of Expenditures of Federal Awards	<u>(126,565)</u>
Amount reported on the Schedule of Expenditures of Federal awards per Exhibit K-1	<u>\$ 791,063</u>

D. De Minimis Indirect Cost Rate

Entities that receive federal awards for which an indirect cost rate has never been negotiated may elect to charge a de minimis indirect cost of ten percent of modified total direct costs. The District did not elect to charge the de minimis rate to any of federal award during the year ended August 31, 2022.

E. Subrecipients

There were no subrecipients for the year ended August 31, 2022.

SCHOOLS FIRST QUESTIONNAIRE

Windthorst Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ 111,657