

WINDTHORST INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL FOR THE YEAR ENDED
AUGUST 31, 2023

WINDTHORST INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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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) approved disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 11th of December, 2023.



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 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, 2023, 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 the Windthorst Independent School District, as of and for the year ended August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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 49, 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 50-58 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 Windthorst Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for the 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 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 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 November 8, 2023, on our consideration of 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



Windthorst, Texas

November 8, 2023

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2023

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, 2023. 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 \$893,974 as a result of this year's operations as per Exhibit B-1. Of total net position of \$9,820,346 at August 31, 2023, \$3,847,218 (Unrestricted Net Position) may be used to meet the District's ongoing obligations. The increase from prior period Net Position of \$8,926,372 is primarily due to increased State Aid-Formula Grants for the year.
- During the year, the District had expenses that were \$893,974 less than the \$8,129,824 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 \$1,042,706.
- Total cost of all of the District's programs were \$7,235,850 with two new program added this year, Silent Panic Alert Fund and School Safety Grant and two programs deleted this year, ESSER-School Emergency Relief-CARES and Math Achievement Academy.
- The General Fund ended the year with a fund balance of \$6,255,951 as reflected on Exhibit C-1. Of this amount \$2,540,000 has been designated for future construction and \$500,000 for equipment purchases. The resources available for appropriation were \$1,253,190 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, 2023

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, 2023

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, 2023

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 \$8,926,372 to \$9,820,346. 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 \$3,847,218 at August 31, 2023. This increase in governmental Net Position was the result of five factors. First, the District's revenues exceeded expenditures by \$980,245. Second, the District paid off bonds in the amount of \$145,000, acquired capital assets in the amount of \$254,830 and recorded adjustments to compensated retirement absences of (\$7,750). Third, the District recorded depreciation and other adjustments in the amounts of (\$525,829) and (\$1,972), respectively. Fourth, the District recorded an adjustment of (\$48,780) 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 \$98,230 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>2023</u>	<u>2022</u>
Current and other assets	\$ 7,039,480	\$ 6,080,604
Capital assets	<u>6,747,122</u>	<u>7,018,123</u>
Total assets	<u>13,786,602</u>	<u>13,098,727</u>
 Deferred Outflows of Resources	 <u>1,285,050</u>	 <u>770,006</u>
 Long-term liabilities	 3,532,116	 3,203,043
Other liabilities	<u>269,531</u>	<u>293,303</u>
Total liabilities	<u>3,801,647</u>	<u>3,496,346</u>
 Deferred Inflows of Resources	 <u>1,449,659</u>	 <u>1,446,015</u>
 Net Position:		
Invested in capital assets, net of related debt	5,490,493	5,620,867
Restricted	482,635	456,020
Unrestricted	<u>3,847,218</u>	<u>2,849,485</u>
Total Net Position	<u>\$ 9,820,346</u>	<u>\$ 8,926,372</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2023

Table II
Windthorst Independent School District
CHANGES IN NET POSITION

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 233,242	\$ 153,975
Operating Grants and Contributions	988,446	1,026,133
General Revenues:		
Maintenance and Operations Taxes	1,013,429	968,318
Debt Service Taxes	160,624	151,502
Loss on Disposition of Property	-	(377,777)
State Aid Formula Grants	5,688,026	5,342,443
Investment Earnings	29,870	4,522
Miscellaneous	<u>16,187</u>	<u>31,070</u>
Total Revenue	<u>8,129,824</u>	<u>7,300,186</u>
Expenses:		
Instruction	3,905,960	3,417,740
Instructional Resources and Media Services	39,201	38,775
Curriculum and Instructional Staff Development	12,390	14,271
School Leadership	303,167	300,034
Guidance, Counseling and Evaluation Services	81,686	75,437
Health Services	74,588	82,811
Student (Pupil) Transportation	340,078	229,218
Food Services	317,971	298,545
Extracurricular activities	671,581	471,572
General administration	513,167	471,807
Facilities Maintenance and Operations	752,713	722,813
Security and Monitoring Services	39,668	12,317
Data Processing Services	42,226	1,661
Debt Service	28,074	35,055
Payment Related to Shared Services Arrangements	85,018	58,175
Other Intergovernmental Charges	<u>28,362</u>	<u>27,249</u>
Total Expenses	<u>7,235,850</u>	<u>6,257,480</u>
Increase in Net Position	893,974	1,042,706
Net Position at Beginning	<u>8,926,372</u>	<u>7,883,666</u>
Net Position at Ending	<u>\$ 9,820,346</u>	<u>\$ 8,926,372</u>

The District's total revenues increased 11.36% (\$829,638), an increase from \$7,300,186 last year to \$8,129,824 in the current year. The total cost of all programs and services increased 15.64% (\$978,370) from last year, an increase from \$6,257,480 last year to \$7,235,850 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 \$1,174,053 because some of the costs were paid by those who directly benefited from the programs (\$233,242) or by other governments and organizations that subsidized certain programs with grants and contributions (\$988,446), and by State formula funding (\$5,688,026).

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2023

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 \$6,738,586 which is 17.02% (\$980,245) more than last year's total of \$5,758,341. Included in this year's total change in fund balance is an increase of \$953,630 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 13.89% 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 82.11% of the District's General Fund revenues. The District property tax rates decreased from \$1.05170 in the prior year to \$1.03240 in the current year for M&O. The current property tax for Debt Service remains the same at \$0.16. The total assessed valuation increased from \$92,787,406 to \$98,758,060 in the current year, resulting in a levy of \$1,179,408 increased from \$1,124,305 in the prior year.

Over 56.38% of General Fund expenditures were dedicated for instructional effort. When combined with student support services such as counseling, nursing, extracurricular and transportation, 75.62% of General Fund expenditures were dedicated to direct student services.

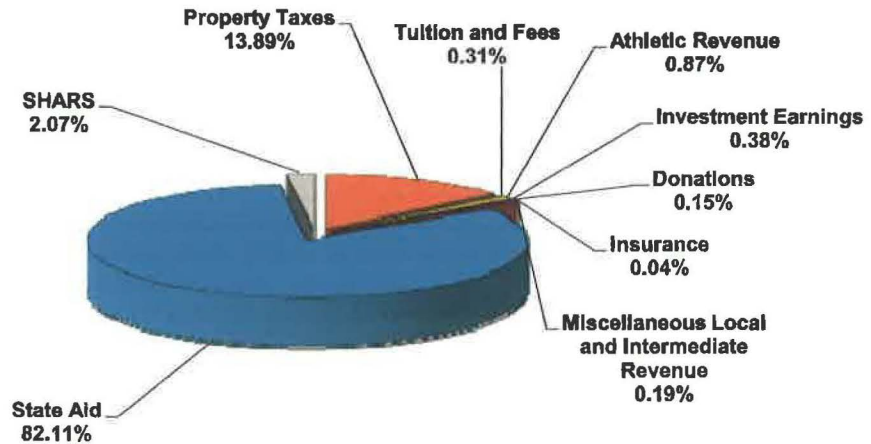
Other changes in fund balances should also be noted. The District purchased \$254,830 of capital assets and reduced debt by \$145,000. The District's capital outlay additions total of \$254,830 includes replacement of an elementary door, Distance Communication System, Plasma Cutter, baseball field mower, fieldhouse washer and dryer, dishwasher, convection doublestack oven, door type warewasher, ice machine, Series 2 door refrigerator, angle roll bender and super bender. 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 2022). 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.

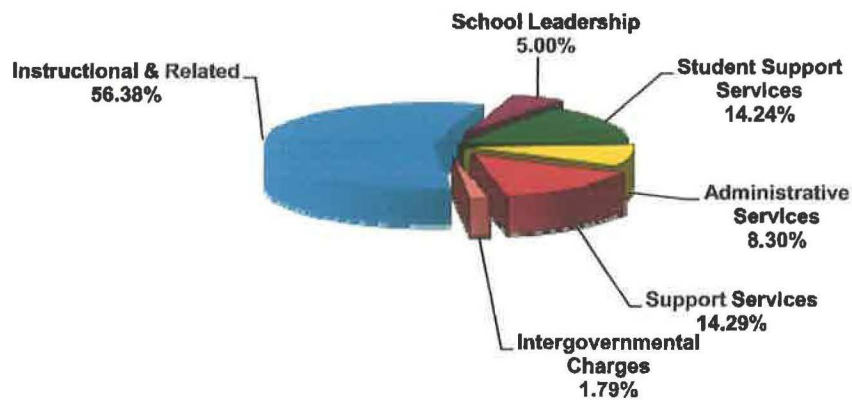
The District's General Fund balance of \$6,255,951 reported on Statement of Revenues, Expenditures and Changes in Fund Balances on Exhibit C-3 differs from the General Fund's budgetary fund balance of \$5,002,761 reported in the budgetary comparison schedule in Exhibit G-1. This is principally due to cost savings realized by closely monitoring expenses for the year and increased state revenues.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 AUGUST 31, 2023

General Fund- Operating Revenue 2023



General Fund-Operating Expenditure 2023



WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the District had \$14,452,964 (before depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

Windthorst Independent School District
Capital Assets, Net of Depreciation

	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 447,313	\$ 447,313
Buildings	5,743,523	6,181,407
Furniture and Equipment	<u>556,286</u>	<u>389,403</u>
Total Capital Assets, net of Depreciation	<u>\$ 6,747,122</u>	<u>\$ 7,018,123</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 \$500,000 for capital expenditures for equipment, buses, school safety, and Fine Arts equipment. 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 \$1,165,000 in bonds outstanding (excluding interest accretion of \$113,320) versus \$1,310,000 last year—a decrease of 11.07%. This decrease consists of a principal payment of \$145,000. 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>2023</u>	<u>2022</u>
General Obligation Bonds	\$ <u>1,165,000</u>	\$ <u>1,310,000</u>
Total Long Term Debt (Excluding Interest Accretion)	<u>\$ 1,165,000</u>	<u>\$ 1,310,000</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2023

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 slightly from 481 students in 2021-2022 to 485 students in 2022-2023 school year.

These indicators were taken into account when adopting the General Fund budget for 2023-2024. Amounts available for appropriation in the General Fund budget are \$7,000,064, a decrease from the actual 2022-2023 revenues of \$7,293,374. The District will use its revenues to finance programs we currently offer. Budgeted expenditures and transfers out are expected to increase to \$7,000,064 from \$6,339,744 actual expenditures in 2022-2023. The District has added no major new programs or initiatives to the 2023-2024 budget.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain unchanged by the close of 2023-2024.

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, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,203,213
1220 Property Taxes - Delinquent	41,492
1230 Allowance for Uncollectible Taxes	(10,129)
1240 Due from Other Governments	1,768,168
1410 Prepayments	36,736
Capital Assets:	
1510 Land	447,313
1520 Buildings, Net	5,743,523
1530 Furniture and Equipment, Net	556,286
1000 Total Assets	13,786,602
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	719,860
1706 Deferred Outflow Related to TRS OPEB	565,190
1700 Total Deferred Outflows of Resources	1,285,050
LIABILITIES	
2110 Accounts Payable	30,741
2150 Payroll Deductions and Withholdings	105
2160 Accrued Wages Payable	232,279
2200 Accrued Expenses	6,406
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	35,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	1,290,280
2540 Net Pension Liability (District's Share)	1,344,890
2545 Net OPEB Liability (District's Share)	861,947
2000 Total Liabilities	3,801,648
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	100,678
2606 Deferred Inflow Related to TRS OPEB	1,348,981
2600 Total Deferred Inflows of Resources	1,449,659
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	5,490,493
Restricted:	
3820 Restricted for Federal and State Programs	148,147
3850 Restricted for Debt Service	331,284
3870 Restricted for Campus Activities	3,204
3900 Unrestricted	3,847,218
3000 Total Net Position	\$ 9,820,346

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, 2023

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	\$ 3,905,960	\$ 47,602	\$ 549,514	\$ (3,308,844)
12	39,201	-	830	(38,371)
13	12,390	-	-	(12,390)
23	303,167	-	8,476	(294,691)
31	81,686	-	73,084	(8,602)
33	74,588	-	2,079	(72,509)
34	340,078	-	3,836	(336,242)
35	317,971	122,182	197,918	2,129
36	671,581	63,458	6,134	(601,989)
41	513,167	-	11,019	(502,148)
51	752,713	-	6,195	(746,518)
52	39,668	-	29,577	(10,091)
53	42,226	-	1,069	(41,157)
72	27,674	-	98,715	71,041
73	400	-	-	(400)
93	85,018	-	-	(85,018)
99	28,362	-	-	(28,362)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 7,235,850</u>	<u>\$ 233,242</u>	<u>\$ 988,446</u>	<u>(6,014,162)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,013,429
DT	Property Taxes, Levied for Debt Service			160,624
SF	State Aid - Formula Grants			5,688,026
IE	Investment Earnings			29,870
MI	Miscellaneous Local and Intermediate Revenue			16,187
TR	Total General Revenues			<u>6,908,136</u>
CN	Change in Net Position			893,974
NB	Net Position - Beginning			<u>8,926,372</u>
NE	Net Position - Ending			<u>\$ 9,820,346</u>

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

WINDTHORST INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,736,368	\$ 466,845	\$ 5,203,213
1220 Property Taxes - Delinquent	36,391	5,101	41,492
1230 Allowance for Uncollectible Taxes	(9,002)	(1,127)	(10,129)
1240 Due from Other Governments	1,727,318	40,850	1,768,168
1410 Prepayments	36,736	-	36,736
1000 Total Assets	<u>\$ 6,527,811</u>	<u>\$ 511,669</u>	<u>\$ 7,039,480</u>
LIABILITIES			
2110 Accounts Payable	\$ 17,136	\$ 13,605	\$ 30,741
2150 Payroll Deductions and Withholdings Payable	105	-	105
2160 Accrued Wages Payable	222,088	10,191	232,279
2200 Accrued Expenditures	5,142	1,264	6,406
2000 Total Liabilities	<u>244,471</u>	<u>25,060</u>	<u>269,531</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	27,389	3,974	31,363
2600 Total Deferred Inflows of Resources	<u>27,389</u>	<u>3,974</u>	<u>31,363</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	148,147	148,147
3480 Retirement of Long-Term Debt	-	331,284	331,284
Committed Fund Balance:			
3510 Construction	2,540,000	-	2,540,000
3530 Capital Expenditures for Equipment	500,000	-	500,000
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	3,204	3,204
3600 Unassigned Fund Balance	3,215,951	-	3,215,951
3000 Total Fund Balances	<u>6,255,951</u>	<u>482,635</u>	<u>6,738,586</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,527,811</u>	<u>\$ 511,669</u>	<u>\$ 7,039,480</u>

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, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	6,738,586
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 \$14,198,135 and the accumulated depreciation was \$7,180,014. 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 \$1,458,156 in the governmental activities is to increase (decrease) net position.		5,559,965
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 2023 capital outlays additions and deletions (\$254,830), debt principal payments (\$145,000) and adjustments to vested retirement \$7,750 is to increase (decrease) net position.		392,080
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 \$719,860, a deferred resource inflow in the amount of \$100,678, and a net pension liability in the amount of \$1,344,890. This resulted in a decrease in Net Position.		(725,708)
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 \$565,190, a deferred resource inflow in the amount of \$1,348,981, and a net OPEB liability in the amount of \$861,947. This resulted in a decrease in net position.		(1,645,738)
The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(525,829)
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.		26,990
Net Position of Governmental Activities	\$	9,820,346

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 31,2023

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,154,337	\$ 296,611	\$ 1,450,948
5800 State Program Revenues	5,988,327	231,579	6,219,906
5900 Federal Program Revenues	150,710	483,172	633,882
5020 Total Revenues	<u>7,293,374</u>	<u>1,011,362</u>	<u>8,304,736</u>
EXPENDITURES:			
Current:			
0011 Instruction	3,521,641	327,616	3,849,257
0012 Instructional Resources and Media Services	40,566	-	40,566
0013 Curriculum and Instructional Staff Development	12,390	-	12,390
0023 School Leadership	316,807	-	316,807
0031 Guidance, Counseling, and Evaluation Services	11,014	72,945	83,959
0033 Health Services	77,891	-	77,891
0034 Student (Pupil) Transportation	288,679	-	288,679
0035 Food Services	-	386,224	386,224
0036 Extracurricular Activities	525,141	-	525,141
0041 General Administration	526,469	-	526,469
0051 Facilities Maintenance and Operations	724,690	-	724,690
0052 Security and Monitoring Services	137,016	29,262	166,278
0053 Data Processing Services	44,060	-	44,060
Debt Service:			
0071 Principal on Long-Term Liabilities	-	145,000	145,000
0072 Interest on Long-Term Liabilities	-	23,300	23,300
0073 Bond Issuance Cost and Fees	-	400	400
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	85,018	-	85,018
0099 Other Intergovernmental Charges	28,362	-	28,362
6030 Total Expenditures	<u>6,339,744</u>	<u>984,747</u>	<u>7,324,491</u>
1200 Net Change in Fund Balances	953,630	26,615	980,245
0100 Fund Balance - September 1 (Beginning)	<u>5,302,321</u>	<u>456,020</u>	<u>5,758,341</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,255,951</u>	<u>\$ 482,635</u>	<u>\$ 6,738,586</u>

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, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	980,245
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of adding and removing the 2023 capital outlays and deletions (\$254,830), debt principal payments (\$145,000) and adjusting the year end balance of compensated absences \$7,750 is to increase net position.</p>		
		392,080
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(525,829)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing 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.</p>		
		(1,972)
<p>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 \$142,483. 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 \$105,710. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$85,553. The net result is an decrease in the change in net position.</p>		
		(48,780)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$34,120. 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 \$29,567. 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 (\$93,677). The net result is an increase in the change in net position.</p>		
		98,230
Change in Net Position of Governmental Activities	\$	893,974

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, 2023

EXHIBIT E-1

	Private Purpose Trust Funds	Custodial Fund
<hr/>		
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 167,258
Restricted Assets	324,335	-
Total Assets	324,335	\$ 167,258
NET POSITION		
Restricted for Scholarships	324,335	-
Restricted for Other Purposes	-	167,258
Total Net Position	\$ 324,335	\$ 167,258

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, 2023

	Private Purpose Trust Funds	Custodial Fund
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 54,254
Student Group Fundraising Activities	-	179,379
Earnings from Temporary Deposits	6,212	442
Contributions, Gifts and Donations	54,380	-
Total Additions	<u>60,592</u>	<u>234,075</u>
DEDUCTIONS:		
Supplies and Materials	-	213,788
Other Deductions	9,300	-
Total Deductions	<u>9,300</u>	<u>213,788</u>
Change in Fiduciary Net Position	51,292	20,287
Total Net Position - September 1 (Beginning)	<u>273,043</u>	<u>146,971</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 324,335</u></u>	<u><u>\$ 167,258</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, 2023

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 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, 2023

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, 2023

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, 2023

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 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 the implementation of GASB 87, the initial measure of a new right-to-use lease arrangement was 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, 2023

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, 2023, 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, in the year of implementation, the recording of the lease asset and liability were reported in governmental fund statements but not 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
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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 database 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 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage.
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, 2023, the District had restricted fund balances as follows:

Federal or State Funds Grant	\$ 148,147
Retirement for Long Term Debt	<u>331,284</u>
Total Restricted Fund Balance	<u>\$ 479,431</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, 2023, the District had committed fund balances as follows:

For construction	\$ 2,540,000
For capital expenditures for equipment	<u>500,000</u>
Total Fund Balance Commitments	<u>\$ 3,040,000</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 authority. At August 31, 2023, the District’s assigned fund balance of \$3,204 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 \$5,490,493.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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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, 2023 is \$148,147.

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, 2023 that consists of assets with constraints placed on their use by the bond covenants is \$331,284.

Restricted for Campus Activities- the component of net position that reports the difference between assets and liabilities of the Campus Fund at August 31, 2023 that consists of assets with constraints place on their use by external parties is \$3,204.

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 \$3,847,218.

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 \$1,285,050 which have not yet expensed by the measurement date of August 31, 2022.
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 \$1,449,659 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, 2022.

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

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	11,696,152	5,514,746	6,181,406	
Furniture & Equipment	<u>2,054,670</u>	<u>1,665,268</u>	<u>389,402</u>	
Change in Net Position	<u>\$14,198,135</u>	<u>\$ 7,180,014</u>	<u>\$ 7,018,121</u>	\$ 7,018,121
<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			(\$1,310,000)	
Deferred Gain/Loss on Defeasance			50,785	
Bond Accretion Payable Unamortized			(111,658)	
Premium/(Discount) on Bonds			(26,383)	
Vested Retirement			<u>(60,900)</u>	
Change in Net Position				<u>(1,458,156)</u>
Net Adjustment to Net Position				<u>\$ 5,559,965</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 \$725,708 for net pension liability required to be recorded by GASB 68 and \$1,645,738 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, 2023

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	\$ 11,614	\$ 11,614	\$ 11,614
Furniture & Equipment	<u>243,216</u>	<u>243,216</u>	<u>243,216</u>
Total Capital Outlay	<u>\$ 254,830</u>	<u>\$ 254,830</u>	<u>\$ 254,830</u>
<u>Debt Principal Payments</u>			
Bond Principal	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>
Total Debt Activity	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>
<u>Vested Retirement</u>	(\$ 7,750)	(\$ 7,750)	(\$ 7,750)
Total Adjustment to Net Position		<u>\$ 392,080</u>	<u>\$ 392,080</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	(\$ 6,464)	(\$ 6,464)	\$ -
Uncollected taxes (assumed collectible) from Current Year Levy	11,577	11,577	11,577
Uncollected Taxes (assumed collectible) from Prior Year Levy	19,786	(2,711)	19,787
Reclassify Proceeds of Bonds, Loans & Capital Leases			
Bond Interest Accretion	(1,662)	(1,662)	(1,662)
Amortization of Gain/Loss on Refunding Debt	(5,643)	(5,643)	(5,643)
Amortization of Bond Premium	<u>2,931</u>	<u>2,931</u>	<u>2,931</u>
Total		<u>(\$ 1,972)</u>	<u>\$ 26,990</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, 2023

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, 2023

Cash Deposits

On August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$5,203,213 and the bank balance was \$5,275,586. The District's cash deposits at August 31, 2023 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 \$7,643,535.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$6,749,333 and occurred during the month of April 2023.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

As of August 31, 2023, 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)	\$ 3,129,546	N/A	N/A
Certificate of Deposits (FDIC Insured)	1,834,347	N/A	N/A
Cash (NCUA Insured)	239,266	N/A	N/A
Investment Pools:			
Lone Star Investment Pool	54	120 days or less	AAA
Total Cash and Cash Equivalents	<u>\$ 5,203,213</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. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Windthorst Independent School District is in substantial compliance with the requirements of the Act and with local policies.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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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, 2023, 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 To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District’s name and held by the District or its agent. At August 31, 2023, 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, 2023, 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.

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.

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

D. INTERFUND BALANCES AND TRANSFERS

The District had no interfund balances at August 31, 2023.

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, 2023.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2023, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Total Receivables</u>
Governmental Activities:			
General Fund	\$ 36,391	\$ 1,727,318	\$ 1,763,709
Debt Service Fund	5,101	16,170	21,271
Nonmajor Governmental Funds	-	24,680	24,680
Total - Governmental Activities	<u>\$ 41,492</u>	<u>\$ 1,768,168</u>	<u>\$ 1,809,660</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 10,129</u>	<u>\$ -</u>	<u>\$ 10,129</u>

Payables at August 31, 2023, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Accrued Expenses</u>	<u>Total Payables</u>
Governmental Activities:				
General Fund	\$ 17,136	\$ 222,193	\$ 5,142	\$ 244,471
Nonmajor Gov. Funds	<u>13,605</u>	<u>10,191</u>	<u>1,264</u>	<u>25,060</u>
Total - Governmental Activities	<u>\$ 30,741</u>	<u>\$ 232,384</u>	<u>\$ 6,406</u>	<u>\$ 269,531</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2023 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	11,696,152	11,614	(-)	11,707,766
Furniture and Equipment	<u>2,054,670</u>	<u>243,216</u>	<u>(-)</u>	<u>2,297,886</u>
Totals at Historic Cost	<u>14,198,135</u>	<u>254,830</u>	<u>(-)</u>	<u>14,452,965</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,514,746)	(449,497)	-	(5,964,243)
Furniture and Equipment	<u>(1,665,268)</u>	<u>(76,332)</u>	-	<u>(1,741,600)</u>
Total Accumulated Depreciation	<u>(7,180,014)</u>	<u>(525,829)</u>	-	<u>(7,705,843)</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,018,121</u>	<u>(\$ 270,999)</u>	<u>(\$ -)</u>	<u>\$ 6,747,122</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 231,901
School Leadership	1,187
Student (Pupil) Transportation	54,459
Co-curricular/Extracurricular Activities	192,676
General Administration	3,832
Plant Maintenance and Operations	38,960
Security and Monitoring Services	<u>2,814</u>

Total Depreciation Expense \$ 525,829

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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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, 2023 is as follows:

DESCRIPTION	Amounts	Interest	Payable		Accretion	Retired	Outstanding 8/31/23	Due
	Original Issue	Current Year	Amounts Outstanding 9/1/22	Issued/ Additions				Within One Year
Unlimited Tax Refunding								
Bonds Series 2020	\$1,555,000	\$ 23,300	\$ 1,275,000	\$ -	\$ -	\$ 145,000	\$ 1,130,000	\$ -
Refunding Bonds Series								
2020 (CABS)	\$ 150,000	-	146,657	-	1,662	-	148,319	35,000
Total Bonds		<u>\$ 23,300</u>	<u>\$ 1,421,657</u>	<u>\$ -</u>	<u>\$ 1,662</u>	<u>\$ 145,000</u>	<u>\$ 1,278,319</u>	<u>\$ 35,000</u>
Plus:								
Unamortized Premium on Bond Issuance			26,383	-	-	2,931	23,452	
Unamortized Loss on Defeasance of Bonds			(50,785)	-	-	(5,643)	(45,142)	
Vested Retirement			60,900	7,750	-	-	68,650	
Total Long Term Debt A-1			<u>\$ 1,458,155</u>	<u>\$ 7,750</u>	<u>\$ 1,662</u>	<u>\$ 142,288</u>	<u>\$ 1,325,279</u>	
Net Pension Liability			<u>\$ 480,101</u>	<u>\$ 970,498</u>	<u>\$ -</u>	<u>\$ 105,709</u>	<u>\$ 1,344,890</u>	
Net OPEB Liability			<u>\$ 1,264,786</u>	<u>(\$ 373,272)</u>	<u>\$ -</u>	<u>\$ 29,567</u>	<u>\$ 861,947</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, 2023.

H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Debt service requirements for bonds are as follows:

Year Ended August 31	General Obligations			Total
	Principal	Interest	Accretion	Requirements
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	160,000	-	11,027	171,027
2029-2031	505,000	-	17,907	522,907
Total	<u>\$ 1,165,000</u>	<u>\$ 115,000</u>	<u>\$ 88,711</u>	<u>\$ 1,368,711</u>

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

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, 2023, as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Operating</u> <u>Leases</u>	<u>Maintenance</u> <u>Agreement</u>
2024	\$ 1,000	\$ 1,224
2025	1,000	1,224
2026	1,000	1,224
2027	1,000	1,224
2028	<u>1,000</u>	<u>1,224</u>
Total Minimum Rentals	<u>\$ 5,000</u>	<u>\$ 6,120</u>
Rental Expenditures in Fiscal Year 2023	<u>\$ 1,624</u>	

J. ACCUMULATED VESTED LEAVE BENEFITS

At August 31, 2023, the District had \$68,650 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 Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at 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.

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

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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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 2022 ACFR, Note 11, on page 85.

	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
District's 2023 FY Employer Contributions		\$ 142,483
District's 2023 FY Member Contributions		\$ 313,649
2022 Measurement Year NECE On-Behalf Contributions		\$ 206,677

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public 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.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charters schools, and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0 percent in fiscal year 2025.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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- 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, 2022 are disclosed below:

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	\$ 59,367,428,259
Net Position as Percentage of Total Pension Liability	75.62 %

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - 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)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the TRS actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on 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.

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

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00 %	4.60 %	1.12 %
Non-US Developed	13.00	4.90	0.90
Emerging Markets	9.00	5.40	0.75
Private Equity*	14.00	7.70	1.55
Stable Value			
Government Bonds	16.00	1.00	0.22
Absolute Return*	0.00	3.70	0.00
Stable Value Hedge Funds	5.00	3.40	0.18
Real Return			
Real Estate	15.00	4.10	0.94
Energy, Natural Resources & Infrastructure	6.00	5.10	0.37
Commodities	0.00	3.60	0.00
Risk Parity			
	8.00	4.60	0.43
Asset Allocation Leverage			
Cash	2.00	3.00	0.01
Asset Allocation Leverage	(6.00)	3.60	(0.05)
Inflation Expectation			2.70
Volatility Drag****			(0.91)
Expected Return	100.00 %		8.19 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2022 policy model.			
***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).			
****The volatility drag results from the conversion between arithmetic and geometric mean returns.			

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate. The discount rate can be found in the 2022 TRS ACFR, Note 11, page 87 and the Table of Sensitivities [Table 11.H.1] can be found on page 87.

	<u>1% Decrease in Discount Rate</u> (6.00%)	<u>Current Single Discount Rate</u> (7.00%)	<u>1% Increase in Discount Rate</u> (8.00%)
District's proportionate share of the net pension liability:	<u>\$ 2,092,139</u>	<u>\$ 1,344,890</u>	<u>\$ 739,210</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Windthorst Independent School District reported a liability of \$1,344,890 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	\$ 1,344,890
State's proportionate share that is associated with the District	<u>2,629,464</u>
Total	<u>\$ 3,974,354</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was .0022653666% which was an increase of 0.0003801376% from its proportion measured as of August 31, 2021.

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation. The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Changes in Benefits. There were no changes in benefits.

For the year ended August 31, 2023, Windthorst Independent School District recognized pension expense of \$442,610 and revenue of \$ 251,347 for support provided by the State.

At August 31, 2023, 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.) *The current year amounts can be found on the GASB 68 Plan Level Schedule of Deferred Inflows and Outflows file, collective plan totals (future amortization) in columns G and H.*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 19,501	\$ 29,321
Changes in actuarial assumptions	250,597	62,456
Difference between projected and actual investment earnings	132,871	-
Changes in proportion and difference between the employer contributions and proportionate share of contributions	<u>174,408</u>	<u>8,901</u>
Total as of August 31, 2022 measurement date	577,377	100,678
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	<u>142,483</u>	-
Total as of the fiscal year-end	<u>\$ 719,860</u>	<u>\$ 100,678</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</u> <u>Amount</u>	<u>Balance of Deferred</u> <u>Outflows</u> <u>(Deferred Inflows)</u>
2024	\$ 119,093	\$ 357,606
2025	\$ 81,920	\$ 275,686
2026	\$ 47,901	\$ 227,785
2027	\$ 186,092	\$ 41,693
2028	\$ 41,691	\$ 2
Thereafter	\$ 2	\$ -

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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are 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

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

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

<u>Contribution Rates</u>	<u>2022</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 2023 FY Employer Contributions	\$	34,120
District's 2023 FY Member Contributions	\$	25,776
2022 Measurement Year NECE On-Behalf Contributions	\$	36,067

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 \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Updated procedures were used to roll forward the Total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 9 page 77.*

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, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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Additional Actuarial Methods and Assumptions:

Table 9.F.1: Actuarial Methods and Assumptions	
Component	Result
Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the 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 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

Discount Rate. A single discount rate of 3.91% was used to measure the Total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2022 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.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was one-percentage point lower less than and one-percentage point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate</u> (2.91%)	<u>Current Single Discount Rate</u> (3.91%)	<u>1% Increase in Discount Rate</u> (4.91%)
District's proportionate share of the Net OPEB Liability:	<u>\$ 1,016,304</u>	<u>\$ 861,947</u>	<u>\$ 736,898</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, Windthorst Independent School District reported a liability of \$861,947 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	\$ 861,947
State's proportionate share that is associated with the District	<u>1,051,440</u>
Total	<u>\$ 1,913,387</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
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The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0035998454% which was an increase of 0.0003210294% from its proportion measured as of August 31, 2022.

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the Net OPEB liability 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 in Healthcare Trend Rate</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Proportionate share of the Net OPEB Liability:	\$ 710,248	\$ 861,947	\$ 1,058,605

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 2022 TRS ACFR on page 77.]*

- The discount rate changed from 1.95 percentage as of August 31, 2021 to 3.91 percentage as of August 31, 2022. 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, 2023, Windthorst Independent School District recognized OPEB expense of (\$ 213,318) and revenue of (\$149,208) for support provided by the State.

At August 31, 2023, 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 Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 47,921	\$ 718,079
Changes in actuarial assumptions	131,292	598,830
Difference between projected and actual investment earnings	2,568	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>349,289</u>	<u>32,072</u>
Total as of August 31, 2022 measurement date	\$ 531,070	\$ 1,348,981
Contributions paid to TRS subsequent to the measurement date	<u>34,120</u>	-
Total as of the fiscal year end	<u>\$ 565,190</u>	<u>\$ 1,348,981</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 OPEBs will be recognized by the district in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2024	(\$ 162,302)	(\$ 655,611)
2025	(\$ 162,293)	(\$ 493,318)
2026	(\$ 125,741)	(\$ 367,577)
2027	(\$ 76,255)	(\$ 291,322)
2028	(\$ 108,901)	(\$ 182,421)
Thereafter	(\$ 182,421)	

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, 2023, 2022, and 2021 the subsidy payments received by TRS-Care on-behalf of the District were \$ 20,058, \$14,438, and \$14,169 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, 2023 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.

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 \$280,243.

O. UNAVAILABLE REVENUE

Unavailable revenue at year end consisted of the following:

	<u>General</u> Fund	<u>Debt Service</u> Fund	<u>Total</u>
Unavailable Revenue-Property Taxes	\$ 27,389	\$ 3,974	\$ 31,363
Total Unavailable Revenue	<u>\$ 27,389</u>	<u>\$ 3,974</u>	<u>\$ 31,363</u>

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

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, 2023, 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</u> <u>PASS-THROUGH</u> <u>GRANTS</u>	<u>DIRECT</u> <u>FEDERAL</u> <u>GRANTS</u>	<u>TOTAL</u>
General Fund	\$ 1,727,318	\$ -	\$ -	\$ 1,727,318
Nonmajor Governmental	-	35,874	4,976	40,850
Total	<u>\$ 1,727,318</u>	<u>\$ 35,874</u>	<u>\$ 4,976</u>	<u>\$ 1,768,168</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	\$1,006,465	\$ -	\$ 159,486	\$ -	\$ -	\$1,165,951
Penalties, Interest and Other Tax-related Income	6,239	-	950	-	-	7,189
Tuition and fees	22,600	-	-	-	-	22,600
Investment Income	27,449	202	2,218	6,212	442	36,523
Gifts and Bequests	11,012	660	-	54,380	54,254	120,306
Insurance	3,024	-	-	-	-	3,024
Food Sales	-	122,182	-	-	-	122,182
Co-curricular Student Activities	63,459	-	-	-	-	63,459
Student Group Fundraising Activities	-	-	-	-	179,379	179,379
Other	14,089	10,913	-	-	-	25,002
Total	<u>\$1,154,337</u>	<u>\$ 133,957</u>	<u>\$ 162,654</u>	<u>\$ 60,592</u>	<u>\$ 234,075</u>	<u>\$1,745,615</u>

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, 2022 to August 31, 2023.

Parish Lease Agreement	\$ 1,000
Multi-Peril Insurance	<u>33,254</u>
Total	<u>\$ 34,254</u>

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

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, 2023.

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 fine arts instruments	<u>500,000</u>
Total fund balance commitments	<u>\$ 3,040,000</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 10.01% 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>\$ 66,593</u>	<u>\$ 69,476</u>
Expenditures:	<u>\$ 66,593</u>	<u>\$ 69,476</u>

V. SUBSEQUENT EVENTS

The District's management has evaluated the impact of all subsequent events on the District through financial statement issuance and has determined that there were no subsequent events requiring 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*.

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

X. NEW ACCOUNTING PRONOUNCEMENTS

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. During fiscal year 2023, the District adopted GASB Statement No. 87, Leases. The District determined there were no SBITAs in the prior year that would require a restatement for the District's prior year financial statements

**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, 2023

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	\$ 1,019,300	\$ 1,156,850	\$ 1,154,337	\$ (2,513)
5800 State Program Revenues	5,521,855	5,636,677	5,988,327	351,650
5900 Federal Program Revenues	30,000	150,709	150,710	1
5020 Total Revenues	6,571,155	6,944,236	7,293,374	349,138
EXPENDITURES:				
Current:				
0011 Instruction	3,412,787	3,700,050	3,521,641	178,409
0012 Instructional Resources and Media Services	48,167	49,167	40,566	8,601
0013 Curriculum and Instructional Staff Development	22,890	22,890	12,390	10,500
0023 School Leadership	360,209	370,209	316,807	53,402
0031 Guidance, Counseling, and Evaluation Services	6,604	20,428	11,014	9,414
0033 Health Services	86,845	87,892	77,891	10,001
0034 Student (Pupil) Transportation	480,233	550,233	288,679	261,554
0036 Extracurricular Activities	463,458	568,899	525,141	43,758
0041 General Administration	527,588	567,100	526,469	40,631
0051 Facilities Maintenance and Operations	856,831	866,085	724,690	141,395
0052 Security and Monitoring Services	123,865	171,165	137,016	34,149
0053 Data Processing Services	24,125	52,125	44,060	8,065
0061 Community Services	350	350	-	350
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	62,363	107,363	85,018	22,345
0099 Other Intergovernmental Charges	36,000	51,000	28,362	22,638
6030 Total Expenditures	6,512,315	7,184,956	6,339,744	845,212
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	58,840	(240,720)	953,630	1,194,350
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	(58,840)	(58,840)	-	58,840
1200 Net Change in Fund Balances	-	(299,560)	953,630	1,253,190
0100 Fund Balance - September 1 (Beginning)	5,302,321	5,302,321	5,302,321	-
3000 Fund Balance - August 31 (Ending)	\$ 5,302,321	\$ 5,002,761	\$ 6,255,951	\$ 1,253,190

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, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.002265367%	0.001885229%	0.001850473%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,344,890	\$ 480,101	\$ 991,075
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,629,464	1,218,178	2,522,487
Total	<u>\$ 3,974,354</u>	<u>\$ 1,698,279</u>	<u>\$ 3,513,562</u>
District's Covered Payroll	\$ 3,420,247	\$ 3,187,322	\$ 3,078,288
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.32%	15.06%	32.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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, 2022 for year 2023, 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 2020</u> <u>Plan Year 2019</u>	<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>
0.001773282%	0.001798829%	0.001692766%	0.001828718%	0.0018586%	0.0009372%
\$ 921,807	\$ 990,119	\$ 541,255	\$ 691,045	\$ 656,990	\$ 250,339
2,311,054	2,632,787	1,515,332	1,869,674	1,884,946	1,622,061
<u>\$ 3,232,861</u>	<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>
\$ 2,726,346	\$ 2,754,798	\$ 2,570,812	\$ 2,607,810	\$ 2,590,818	\$ 2,585,362
33.81%	35.94%	21.05%	26.50%	25.36%	9.68%
75.24%	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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 142,483	\$ 105,710	\$ 80,452
Contribution in Relation to the Contractually Required Contribution	(142,483)	(105,710)	(80,452)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,965,689	\$ 3,420,247	\$ 3,187,322
Contributions as a Percentage of Covered Payroll	3.59%	3.09%	2.52%

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.

	2020	2019	2018	2017	2016	2015
\$	76,351	\$ 62,067	\$ 60,607	\$ 55,479	\$ 75,513	\$ 54,620
	(76,351)	(62,067)	(60,607)	(55,479)	(75,513)	(54,620)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	3,078,288	\$ 2,726,346	\$ 2,754,798	\$ 2,570,812	\$ 2,607,810	\$ 2,590,818
	2.48%	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, 2023

	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.003599845%	0.003278816%	0.003179313%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 861,947	\$ 1,264,786	\$ 1,208,600
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,051,440	1,694,531	1,624,069
Total	<u>\$ 1,913,387</u>	<u>\$ 2,959,317</u>	<u>\$ 2,832,669</u>
District's Covered Payroll	\$ 3,420,247	\$ 3,187,322	\$ 3,078,288
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.20%	39.68%	39.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. 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 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
<u>Plan Year 2019</u>	<u>Plan Year 2018</u>	<u>Plan Year 2017</u>
0.003039636%	0.003132098%	0.002686224%
\$ 1,437,481	\$ 1,563,885	\$ 1,247,456
1,910,091	2,428,545	2,074,062
<u>\$ 3,347,572</u>	<u>\$ 3,992,430</u>	<u>\$ 3,321,518</u>
\$ 2,726,346	\$ 2,754,798	\$ 2,570,812
52.73%	56.77%	48.52%
2.66%	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 2023

	2023	2022	2021
Contractually Required Contribution	\$ 34,120	\$ 29,567	\$ 25,615
Contribution in Relation to the Contractually Required Contribution	(34,120)	(29,567)	(25,615)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,965,689	\$ 3,420,247	\$ 3,187,322
Contributions as a Percentage of Covered Payroll	0.86%	0.86%	0.80%

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.

	2020	2019	2018
\$	24,165	\$ 21,573	\$ 21,607
	(24,165)	(21,573)	(21,607)
\$	-	\$ -	\$ -
\$	3,078,288	\$ 2,726,346	\$ 2,754,798
	0.79%	0.79%	0.78%

WINDTHORST INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

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 was a change in the actuarial assumptions. The primary change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.

COMBINING AND OTHER SCHEDULES

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 149,718	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	4,018	12,688	787	4,976
1000	Total Assets	\$ 4,018	\$ 162,406	\$ 787	\$ 4,976
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 13,605	\$ -	\$ -
2160	Accrued Wages Payable	3,599	511	705	4,463
2200	Accrued Expenditures	419	143	82	513
2000	Total Liabilities	4,018	14,259	787	4,976
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	148,147	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	-	148,147	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$ 4,018	\$ 162,406	\$ 787	\$ 4,976

279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288 Title IV Part A Subpart 1	410 State Instructional Materials	427 TCLAS- GR	429 2022-24 Silent Panic Alert Fund	461 Campus Activity Funds
\$ (213)	\$ -	\$ -	\$ -	\$ (978)	\$ -	\$ -	\$ 3,204
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
534	-	-	699	978	-	-	-
<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,204</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
287	-	-	626	-	-	-	-
34	-	-	73	-	-	-	-
<u>321</u>	<u>-</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,204
-	-	-	-	-	-	-	3,204
<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,204</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 151,731	\$ 315,114	\$ 466,845
1220 Property Taxes - Delinquent	-	5,101	5,101
1230 Allowance for Uncollectible Taxes	-	(1,127)	(1,127)
1240 Due from Other Governments	24,680	16,170	40,850
1000 Total Assets	<u>\$ 176,411</u>	<u>\$ 335,258</u>	<u>\$ 511,669</u>
LIABILITIES			
2110 Accounts Payable	\$ 13,605	\$ -	\$ 13,605
2160 Accrued Wages Payable	10,191	-	10,191
2200 Accrued Expenditures	1,264	-	1,264
2000 Total Liabilities	<u>25,060</u>	<u>-</u>	<u>25,060</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	-	3,974	3,974
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>3,974</u>	<u>3,974</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	148,147	-	148,147
3480 Retirement of Long-Term Debt	-	331,284	331,284
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	3,204	-	3,204
3000 Total Fund Balances	<u>151,351</u>	<u>331,284</u>	<u>482,635</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 176,411</u>	<u>\$ 335,258</u>	<u>\$ 511,669</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 122,379	\$ -	\$ -
5800 State Program Revenues	-	1,626	-	-
5900 Federal Program Revenues	49,257	196,292	12,655	42,423
5020 Total Revenues	49,257	320,297	12,655	42,423
EXPENDITURES:				
Current:				
0011 Instruction	49,257	-	12,655	42,423
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0035 Food Services	-	386,224	-	-
0052 Security and Monitoring Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	49,257	386,224	12,655	42,423
1200 Net Change in Fund Balance	-	(65,927)	-	-
0100 Fund Balance - September 1 (Beginning)	-	214,074	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 148,147	\$ -	\$ -

279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	288 Title IV Part A Subpart 1	410 State Instructional Materials	427 TCLAS- GR	429 2022-24 Silent Panic Alert Fund	461 Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11,578
-	-	-	-	13,405	88,571	29,262	-
3,832	47,608	121,282	9,823	-	-	-	-
3,832	47,608	121,282	9,823	13,405	88,571	29,262	11,578
3,832	47,608	48,337	9,823	13,405	88,571	-	11,705
-	-	72,945	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	29,262	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,832	47,608	121,282	9,823	13,405	88,571	29,262	11,705
-	-	-	-	-	-	-	(127)
-	-	-	-	-	-	-	3,331
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,204

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 133,957	\$ 162,654	\$ 296,611
5800 State Program Revenues	132,864	98,715	231,579
5900 Federal Program Revenues	483,172	-	483,172
5020 Total Revenues	<u>749,993</u>	<u>261,369</u>	<u>1,011,362</u>
EXPENDITURES:			
Current:			
0011 Instruction	327,616	-	327,616
0031 Guidance, Counseling, and Evaluation Services	72,945	-	72,945
0035 Food Services	386,224	-	386,224
0052 Security and Monitoring Services	29,262	-	29,262
Debt Service:			
0071 Principal on Long-Term Liabilities	-	145,000	145,000
0072 Interest on Long-Term Liabilities	-	23,300	23,300
0073 Bond Issuance Cost and Fees	-	400	400
6030 Total Expenditures	<u>816,047</u>	<u>168,700</u>	<u>984,747</u>
1200 Net Change in Fund Balance	(66,054)	92,669	26,615
0100 Fund Balance - September 1 (Beginning)	<u>217,405</u>	<u>238,615</u>	<u>456,020</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 151,351</u>	<u>\$ 331,284</u>	<u>\$ 482,635</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2023

	816 George Beaman Scholarship	817 Monte Schenk Endowment	818 Les Conrady Scholarship	819 Paul & Mary Schenk Scholarship
ASSETS				
Restricted Assets	\$ 30,569	\$ 30,273	\$ 41,990	\$ 20,354
Total Assets	<u>30,569</u>	<u>30,273</u>	<u>41,990</u>	<u>20,354</u>
NET POSITION				
Restricted for Scholarships	30,569	30,273	41,990	20,354
Total Net Position	<u>\$ 30,569</u>	<u>\$ 30,273</u>	<u>\$ 41,990</u>	<u>\$ 20,354</u>

820 Top of Texas Scholarship	822 Be Like Brad Memorial Scholarship	823 Michelle Cannedy Scholarship	824 Ray Schreiber Scholarship	825 Connie Steinberger Scholarship	Total Private Purpose Trust Funds
\$ 1,003	\$ -	\$ 170,034	\$ 279	\$ 29,833	\$ 324,335
<u>1,003</u>	<u>-</u>	<u>170,034</u>	<u>279</u>	<u>29,833</u>	<u>324,335</u>
1,003	-	170,034	279	29,833	324,335
<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ 170,034</u>	<u>\$ 279</u>	<u>\$ 29,833</u>	<u>\$ 324,335</u>

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	816 George Beaman Scholarship	817 Monte Schenk Endowment	818 Les Conrady Scholarship	819 Paul & Mary Schenk Scholarship
ADDITIONS:				
Earnings from Temporary Deposits	\$ 1,015	\$ 1,390	\$ 1,517	\$ 1,315
Contributions, Gifts and Donations	445	1,300	1,000	-
Total Additions	1,460	2,690	2,517	1,315
DEDUCTIONS:				
Other Deductions	500	900	500	300
Total Deductions	500	900	500	300
Change in Net Position	960	1,790	2,017	1,015
Net Position - September 1 (Beginning)	29,609	28,483	39,973	19,339
Net Position - August 31 (Ending)	\$ 30,569	\$ 30,273	\$ 41,990	\$ 20,354

820 Top of Texas Scholarship	822 Be Like Brad Memorial Scholarship	823 Michelle Cannedy Scholarship	824 Ray Schreiber Scholarship	825 Connie Steinberger Scholarship	Total Private Purpose Trust Funds
\$ -	\$ -	\$ 953	\$ 11	\$ 11	\$ 6,212
-	600	50,200	685	150	54,380
-	600	51,153	696	161	60,592
-	600	4,000	500	2,000	9,300
-	600	4,000	500	2,000	9,300
-	-	47,153	196	(1,839)	51,292
1,003	-	122,881	83	31,672	273,043
<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ 170,034</u>	<u>\$ 279</u>	<u>\$ 29,833</u>	<u>\$ 324,335</u>

REQUIRED T.E.A. SCHEDULES

WINDTHORST INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
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	1.051700	0.160000	92,787,406
2023 (School year under audit)	1.032400	0.160000	98,758,060
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 265	\$ -	\$ -	\$ -	\$ -	\$ 265
139	-	-	-	-	139
312	-	-	-	-	312
2,784	-	139	14	-	2,631
2,392	-	136	14	-	2,241
6,758	-	76	8	(277)	6,397
7,587	-	227	39	(261)	7,060
5,865	-	295	45	(16)	5,509
10,369	-	4,749	723	(145)	4,753
-	1,179,408	1,005,799	159,386	(2,037)	12,186
<u>\$ 36,469</u>	<u>\$ 1,179,408</u>	<u>\$ 1,011,420</u>	<u>\$ 160,229</u>	<u>\$ (2,735)</u>	<u>\$ 41,492</u>
		<u>\$ 0.00</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, 2023

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	\$ 85,000	\$ 120,869	\$ 122,379	\$ 1,510
5800 State Program Revenues	1,000	2,000	1,626	(374)
5900 Federal Program Revenues	93,000	213,762	196,292	(17,470)
5020 Total Revenues	179,000	336,631	320,297	(16,334)
EXPENDITURES:				
Current:				
0035 Food Services	237,840	450,240	386,224	64,016
6030 Total Expenditures	237,840	450,240	386,224	64,016
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,840)	(113,609)	(65,927)	47,682
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	58,840	58,840	-	(58,840)
1200 Net Change in Fund Balances	-	(54,769)	(65,927)	(11,158)
0100 Fund Balance - September 1 (Beginning)	214,704	214,074	214,074	-
3000 Fund Balance - August 31 (Ending)	\$ 214,704	\$ 159,305	\$ 148,147	\$ (11,158)

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, 2023

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	\$ 101,250	\$ 162,540	\$ 162,654	\$ 114
5800 State Program Revenues	115,039	119,386	98,715	(20,671)
5020 Total Revenues	216,289	281,926	261,369	(20,557)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	169,300	145,000	145,000	-
0072 Interest on Long-Term Liabilities	-	23,300	23,300	-
0073 Bond Issuance Cost and Fees	-	1,000	400	600
6030 Total Expenditures	169,300	169,300	168,700	600
1200 Net Change in Fund Balances	46,989	112,626	92,669	(19,957)
0100 Fund Balance - September 1 (Beginning)	238,615	238,615	238,615	-
3000 Fund Balance - August 31 (Ending)	\$ 285,604	\$ 351,241	\$ 331,284	\$ (19,957)

WINDTHORST INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

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.	\$ 312,235
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 263,218

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.	\$ 17,576
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$ 10,455

**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*

Windthorst Independent School District
P. O. Box 190
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, 2023, 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 November 8, 2023.

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 may exist that were not 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

November 8, 2023

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

I. Summary of the Auditors' Results:

- The type of report issued on the financial statements of the Windthorst Independent School District was an unmodified opinion.
- With respect to internal control over financial reporting we identified no material weaknesses, and we reported no significant deficiencies.
- We noted no noncompliance material to the financial statements.
- Under the guidelines of OMB Compliance Supplement, a Single Audit was not required for the year ended August 31, 2023.
- We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516.

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, 2023.

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, 2023.

WINDTHORST INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

There were no findings in the prior year.

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

<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.

SCHOOLS FIRST QUESTIONNAIRE

Windthorst Independent School District

Fiscal Year 2023

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.	\$ 113,320