

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

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

TABLE OF CONTENTS

Exhibit

	Certificate of Board	1
	Independent Auditor's Report	2-4
	Management's Discussion and Analysis	5-11
	Basic Financial Statements	
	Government-wide Financial Statements	
A-1	Statement of Net Position	12
B-1	Statement of Activities	13
	Governmental Fund Financial Statements	
C-1	Balance Sheet	14-15
C-2	Reconciliation for C-1	16
C-3	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18
C-4	Reconciliation for C-3	19
	Fiduciary Fund Financial Statement	
E-1	Statement of Fiduciary Net Position	20
E-2	Statement of Changes in Fiduciary Net Position	21
	Notes to the Financial Statements	22-51
	Required Supplementary Information	
G-1	Budgetary Comparison Schedule – General Fund	52
G-2	Schedule of The District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	53-54
G-3	Schedule of District's Contributions for Pensions – Teacher Retirement System of Texas	55-56
G-4	Schedule of The District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	57-58
G-5	Schedule of District's Contributions for OPEB – Teacher Retirement System of Texas	59-60
	Required TEA Schedules	
J-1	Schedule of Delinquent Taxes Receivable	61-62
J-2	National School Breakfast and Lunch Program – Budgetary Comparison Schedule	63
J-3	Debt Service Fund – Budgetary Comparison Schedule	64
J-4	State Compensatory Education and Bilingual Education Program Expenditures	65
	Federal Awards Section	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66-67
	Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	68-70
	Schedule of Findings and Responses	71-72
K-1	Schedule of Expenditures of Federal Awards	73-74
	Notes to the Schedule of Expenditures of Federal Awards	75

CERTIFICATE OF BOARD

Deweyville Independent School District
Name of School District

Newton
County

176-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) **X** approved ____ disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2024.

Deana Gibson
Signature of Board Secretary

Robert L. Smith
Signature of Board President

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

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA
Allen W. Fehnel, CPA



Stanley (Chip) Majors, Jr., CPA.CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA
Chris W. Busch, CPA

January 22, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Deweyville Independent School District
Deweyville, TX

Members of the Board:

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 Deweyville Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and Required Supplementary Information, as listed in the table of contents (pages 52 through 60), 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplementary Information (Required TEA Schedules on pages 61 through 65), and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, Supplementary Information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Deweyville Independent School District (the "District") for the year ending August 31, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$22,912,685 at August 31, 2023.
- During the year, the District's expenses were \$383,347 less than the \$10,754,755 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was \$10,371,408.
- For the year, the District's general fund reported a total fund balance of \$3,497,684, of which \$390 is nonspendable and \$3,497,294 is unassigned.

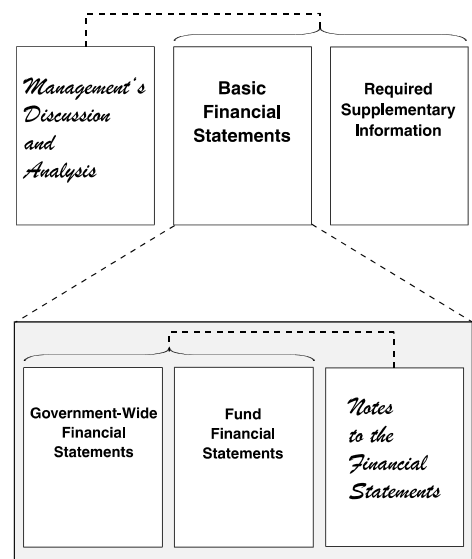
OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

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

Figure A-1
Required Components of
Deweyville Independent School District's
Annual Financial Report



Summary ↔ Detail

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

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

<i>Type of Statements</i>	Government-wide	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District is the trustee or custodian for someone else's resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base, changes in the District's student population, the makeup of the student population in regards to funding for special programs, and non-funded federal and state mandates.

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

Fund Financial Statements

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

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

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

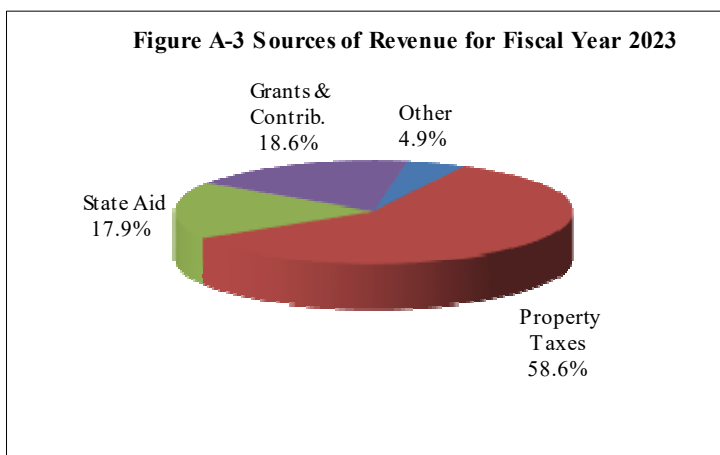
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's *combined* net position was \$22,912,685 at August 31, 2023. (See Table A-1).

Table A-1
The District's Net Position

	Governmental Activities		Percentage Change
	2023	2022	
Current and Other Assets	\$ 6,546,334	\$ 6,580,401	-0.5%
Capital and Non-Current Assets	31,580,091	32,381,317	-2.5%
Total Assets	38,126,425	38,961,718	-2.1%
Deferred Outflows of Resources	2,322,263	768,984	202.0%
Current Liabilities	1,730,676	1,869,716	-7.4%
Long Term Liabilities	13,027,111	12,661,208	2.9%
Total Liabilities	14,757,787	14,530,924	1.6%
Deferred Inflows of Resources	2,778,216	2,670,440	4.0%
Net Position:			
Net investment in capital assets	22,073,497	22,070,557	0.0%
Restricted	669,837	625,525	7.1%
Unrestricted	169,351	(166,744)	-201.6%
Total Net Position	\$ 22,912,685	\$ 22,529,338	1.7%

Changes in net position. The District's total revenues were \$10,754,755. A significant portion, 58.6%, of the District's revenue comes from taxes. (See Figure A-3). 18.6% comes from Grants and Contributions not restricted for specific programs, and 17.9% comes from State Aid.



The total cost of all programs and services was \$10,371,408; 66.6% of these costs are for instructional and student services.

Governmental Activities Property tax rates decreased from \$1.038027 to \$1.017968 per \$100 valuation. The total taxes levied increased by \$212,993 due to an increase in the appraised values.

Average daily attendance increased by 8.8 students from 2022 to 2023.

Table 2
Changes in the District's Net Position

	Governmental Activities		Total % Change
	2023	2022	
Revenues:			
<u>Program Revenues</u>			
Charges for Services	\$ 205,842	\$ 157,997	30.3%
Operating Grants and Contributions	1,948,691	1,537,022	26.8%
<u>General Revenues</u>			
Property Taxes	6,299,285	6,100,008	3.3%
Investment Earnings	203,511	23,620	761.6%
State Aid - formula	1,926,809	1,929,102	-0.1%
Grants and contributions not restricted for specific programs	56,265	490,880	-88.5%
Other	114,352	82,741	38.2%
Loss on capital asset disposal	-	(2,360,475)	-100.0%
Total Revenues	10,754,755	7,960,895	
<u>Expenses:</u>			
Instruction and instruction related services	5,019,471	4,525,963	10.9%
Instructional leadership/school administration	365,753	273,850	33.6%
Guidance, social work, health, transportation	905,240	758,642	19.3%
Food services	375,556	285,856	31.4%
Extracurricular activities	612,051	503,806	21.5%
General Administration	613,427	411,233	49.2%
Facilities maintenance and security	1,282,117	942,921	36.0%
Data processing services	129,193	111,721	15.6%
Debt Service	164,013	168,641	-2.7%
Capital Outlay	534,300	301,060	77.5%
Other Intergovernmental Charges	370,287	392,083	-5.6%
Total Expenses	10,371,408	8,675,776	
Change in Net Position	383,347	(714,881)	-153.6%
Beginning Net Position	22,529,338	23,244,219	-3.1%
Ending Net Position	\$ 22,912,685	\$ 22,529,338	

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

- The cost of all *governmental* activities this year was \$10,371,408.
- The amount that our taxpayers paid for these activities through property taxes was \$6,299,285.
- Some of the cost was paid by those who directly benefited from the programs \$205,842, or
- By operating grants and contributions \$1,948,691.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		%	Net Cost of Services		%
	2023	2022	Change	2023	2022	Change
Instruction	\$ 4,806,801	\$ 4,289,958	12.0%	\$ 4,105,137	\$ 3,814,199	7.6%
School Leadership	365,753	273,850	33.6%	358,177	274,704	30.4%
Student Transportation	417,957	387,623	7.8%	326,679	283,989	15.0%
Food Services	375,556	285,856	31.4%	(72,222)	(163,680)	-55.9%
Extracurricular Activities	612,051	503,803	21.5%	420,436	359,511	16.9%
General Administration	613,427	411,233	49.2%	307,800	414,541	-25.7%
Facilities Maintenance and Operations	1,249,906	917,590	36.2%	1,118,278	905,529	23.5%
Interest on Long-term Debt	163,013	167,641	-2.8%	163,013	167,641	-2.8%
Capital Outlay	534,300	301,060	77.5%	534,300	301,060	77.5%
Other Intergovernmental Charges	370,287	392,083	-5.6%	370,287	392,083	-5.6%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$10,989,977 an increase of 3.1% from the preceding year. This overall increase consisted of an increase of 7.4% in local funds, a decrease of 8.1% in state funds, and an increase of 2.2% in federal funds.

General Fund Budgetary Highlights

- Over the course of the year, the District revised its budget several times. Actual expenditures were \$344,053 below final budget amounts. The most significant variance occurred in Instruction \$114,597 and Extracurricular Activities \$80,881. Actual revenues were \$758,497 above budgeted amounts due primarily to Investment Income \$185,786, State Funding \$192,352, and Federal Program Revenues \$290,352. Actual expenditures exceeded final budget in Function 31 Guidance, Counseling , and Evaluation Services by \$7,077 and Function 41 General Administration by \$16,142.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$42.6 million in capital assets, including land, equipment, buildings and vehicles. (See Table A-4). This amount represents a net increase of \$388,047 or 0.9% percent above last year.

Table A-4			
District's Capital Assets			
	Governmental Activities		%
	2023	2022	Change
Land	\$ 456,153	\$ 456,153	0.0%
Buildings and Improvements	39,676,915	39,676,915	0.0%
Furniture and equipment	2,425,013	2,036,966	19.1%
Right to use - equipment	84,841	84,841	0.0%
Totals at Historical Cost	42,642,922	42,254,875	0.9%
Total Accumulated Depreciation	(11,062,831)	(9,873,558)	12.0%
Net Capital Assets	<u>\$ 31,580,091</u>	<u>\$ 32,381,317</u>	-2.5%

Long-Term Debt

At the end of the fiscal year, the District had \$10.5 million in long-term debt outstanding as shown in Table A-5. The District's bonds presently carry a Moody's rating of A2 with a Permanent School Fund guarantee and "A+" with no assistance.

Table A-5			
District's Long-Term Debt			
	Governmental Activities		%
	2023	2022	Change
Bonds payable	\$ 9,160,000	\$ 9,825,000	-6.8%
Premiums	819,729	972,729	-15.7%
Government capital corp	367,263	423,800	-13.3%
Right to use lease obligations	35,868	61,960	-42.1%
Compensated absences	76,300	73,723	3.5%
Total long-term debt	<u>\$ 10,459,160</u>	<u>\$ 11,357,212</u>	-7.9%

More detailed information about the District's debt is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's taxable value used for the 2024 budget preparation decreased \$299,621, which was a 0.05% decrease from 2023. The District set a tax rate of \$0.894206, which is a decrease of \$0.123762 from last year's rate.
- General Operating Fund budgeted spending per student decreased in the 2023/24 budget to \$14,816 from 2022/23 actual of \$15,955.
- The District's 2024 refined average daily attendance is expected to be 492.3, which is an increase of .5 students from 2023.

These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund budget are \$7,294,339, a decrease of 8.6% over the final 2023 actual revenues of \$7,983,547. Expenditures are budgeted to decrease 6.4% to \$7,294,339.

If these estimates are realized, the District's budgetary General Fund balance is expected to remain at \$3,497,684 at the close of 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DEWEYVILLE ISD
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government <hr/> Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,259,041
1120 Current Investments	3,214,168
1220 Property Taxes - Delinquent	432,056
1230 Allowance for Uncollectible Taxes	(129,617)
1240 Due from Other Governments	1,587,181
1290 Other Receivables, Net	606
1300 Inventories	23,733
1410 Prepayments	159,166
Capital Assets:	
1510 Land	456,153
1520 Buildings, Net	29,734,484
1530 Furniture and Equipment, Net	1,353,587
1550 Right-to-Use Leased Assets, Net	35,867
1000 Total Assets	<hr/> 38,126,425 <hr/>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	1,331,476
1706 Deferred Outflow Related to TRS OPEB	990,787
1700 Total Deferred Outflows of Resources	<hr/> 2,322,263 <hr/>
LIABILITIES	
2110 Accounts Payable	115,301
2150 Payroll Deductions and Withholdings	983
2160 Accrued Wages Payable	366,621
2200 Accrued Expenses	11,562
2300 Unearned Revenue	320,661
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	915,548
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	9,543,612
2540 Net Pension Liability (District's Share)	2,229,744
2545 Net OPEB Liability (District's Share)	1,253,755
2000 Total Liabilities	<hr/> 14,757,787 <hr/>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	341,629
2606 Deferred Inflow Related to TRS OPEB	2,436,587
2600 Total Deferred Inflows of Resources	<hr/> 2,778,216 <hr/>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	22,073,497
3850 Restricted for Debt Service	669,837
3900 Unrestricted	169,351
3000 Total Net Position	<hr/> \$ 22,912,685 <hr/> <hr/>

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

DEWEYVILLE ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3	4	
		Charges for Services	Operating Grants and Contributions	
	Expenses			
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 4,806,801	\$ -	\$ 701,664	\$ (4,105,137)
12 Instructional Resources and Media Services	117,016	-	31,527	(85,489)
13 Curriculum and Instructional Staff Development	95,654	-	65,983	(29,671)
23 School Leadership	365,753	-	7,576	(358,177)
31 Guidance, Counseling, and Evaluation Services	407,939	-	311,934	(96,005)
33 Health Services	79,344	-	65,495	(13,849)
34 Student (Pupil) Transportation	417,957	-	91,278	(326,679)
35 Food Services	375,556	18,174	429,604	72,222
36 Extracurricular Activities	612,051	187,668	3,947	(420,436)
41 General Administration	613,427	-	5,627	(607,800)
51 Facilities Maintenance and Operations	1,249,906	-	131,628	(1,118,278)
52 Security and Monitoring Services	32,211	-	10,623	(21,588)
53 Data Processing Services	129,193	-	91,805	(37,388)
72 Debt Service - Interest on Long-Term Debt	163,013	-	-	(163,013)
73 Debt Service - Bond Issuance Cost and Fees	1,000	-	-	(1,000)
81 Capital Outlay	534,300	-	-	(534,300)
99 Other Intergovernmental Charges	370,287	-	-	(370,287)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 10,371,408	\$ 205,842	\$ 1,948,691	(8,216,875)
Data	General Revenues:			
Control	Taxes:			
Codes				
MT	Property Taxes, Levied for General Purposes			5,329,335
DT	Property Taxes, Levied for Debt Service			969,950
SF	State Aid - Formula Grants			1,926,809
GC	Grants and Contributions not Restricted			56,265
IE	Investment Earnings			203,511
MI	Miscellaneous Local and Intermediate Revenue			114,352
TR	Total General Revenues			8,600,222
CN	Change in Net Position			383,347
NB	Net Position - Beginning			22,529,338
NE	Net Position - Ending			\$ 22,912,685

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

DEWEYVILLE ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 646,412	\$ 299,372	\$ 22,820
1120 Investments - Current	2,848,942	365,226	-
1220 Property Taxes - Delinquent	368,421	63,635	-
1230 Allowance for Uncollectible Taxes	(110,526)	(19,091)	-
1240 Due from Other Governments	700,497	4,495	750,000
1290 Other Receivables	606	-	-
1300 Inventories	390	-	-
1000 Total Assets	<u>\$ 4,454,742</u>	<u>\$ 713,637</u>	<u>\$ 772,820</u>
LIABILITIES			
2110 Accounts Payable	\$ 100,817	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	983	-	-
2160 Accrued Wages Payable	319,150	-	-
2200 Accrued Expenditures	7,022	-	-
2300 Unearned Revenue	271,191	43,800	-
2000 Total Liabilities	<u>699,163</u>	<u>43,800</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	257,895	44,544	-
2600 Total Deferred Inflows of Resources	<u>257,895</u>	<u>44,544</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	390	-	-
Restricted Fund Balance:			
3480 Retirement of Long-Term Debt	-	625,293	-
Committed Fund Balance:			
3510 Construction	-	-	772,820
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	3,497,294	-	-
3000 Total Fund Balances	<u>3,497,684</u>	<u>625,293</u>	<u>772,820</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,454,742</u>	<u>\$ 713,637</u>	<u>\$ 772,820</u>

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

Other Funds		Total Governmental Funds	
\$	290,437	\$	1,259,041
	-		3,214,168
	-		432,056
	-		(129,617)
	132,189		1,587,181
	-		606
	23,343		23,733
\$	445,969	\$	6,387,168
\$	14,484	\$	115,301
	-		983
	47,471		366,621
	4,540		11,562
	5,670		320,661
	72,165		815,128
	-		302,439
	-		302,439
	23,343		23,733
	-		625,293
	-		772,820
	350,461		350,461
	-		3,497,294
	373,804		5,269,601
\$	445,969	\$	6,387,168

DEWEYVILLE ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 5,269,601
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,580,091
2 Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	302,439
3 Prepaid expenses for governmental activities are current uses of financial resources for funds.	159,166
4 Bonds are not due and payable in the current period and, therefore, are not reported in the funds.	(9,979,729)
5 Other long-term liabilities which are not due and payable in the current period and, therefore, are not reported in the funds.	(403,131)
6 Included in the items related to liabilities and deferred inflows 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 \$1,331,476, a deferred resource inflow in the amount of \$341,629, and a net pension liability in the amount of \$2,229,744. This resulted in a decrease in net position.	(1,239,897)
7 Included in the items related to liabilities and deferred inflows 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 \$990,787, a deferred resource inflow in the amount of \$2,436,587, and a net OPEB liability in the amount of \$1,253,755. This resulted in a decrease in net position.	(2,699,555)
8 Other liabilities which are not due and payable in the current period and, therefore, are not reported in the funds.	(76,300)
Compensated Absences \$(76,300)	
19 Net Position of Governmental Activities	\$ 22,912,685

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

DEWEYVILLE ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 5,649,961	\$ 997,123	\$ -
5800 State Program Revenues	1,792,165	18,259	-
5900 Federal Program Revenues	541,421	-	-
5020 Total Revenues	7,983,547	1,015,382	-
EXPENDITURES:			
Current:			
0011 Instruction	3,524,033	-	-
0012 Instructional Resources and Media Services	93,448	-	-
0013 Curriculum and Instructional Staff Development	29,671	-	-
0023 School Leadership	367,455	-	-
0031 Guidance, Counseling, and Evaluation Services	103,001	-	-
0033 Health Services	13,908	-	-
0034 Student (Pupil) Transportation	357,977	-	-
0035 Food Services	4,765	-	-
0036 Extracurricular Activities	492,708	-	-
0041 General Administration	599,086	-	-
0051 Facilities Maintenance and Operations	1,120,263	-	-
0052 Security and Monitoring Services	19,972	-	-
0053 Data Processing Services	65,536	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	82,629	665,000	-
0072 Interest on Long-Term Liabilities	11,163	304,850	-
0073 Bond Issuance Cost and Fees	-	1,000	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	534,300	-	-
Intergovernmental:			
0099 Other Intergovernmental Charges	370,287	-	-
6030 Total Expenditures	7,790,202	970,850	-
1200 Net Change in Fund Balances	193,345	44,532	-
0100 Fund Balance - September 1 (Beginning)	3,304,339	580,761	772,820
3000 Fund Balance - August 31 (Ending)	\$ 3,497,684	\$ 625,293	\$ 772,820

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

Other Funds		Total Governmental Funds	
\$ 180,338		\$ 6,827,422	
313,862		2,124,286	
1,496,848		2,038,269	
1,991,048		10,989,977	
646,048		4,170,081	
29,916		123,364	
65,983		95,654	
863		368,318	
311,818		414,819	
65,491		79,399	
32,559		390,536	
599,635		604,400	
166,414		659,122	
-		599,086	
126,031		1,246,294	
10,597		30,569	
91,804		157,340	
-		747,629	
-		316,013	
-		1,000	
-		534,300	
-		370,287	
2,147,159		10,908,211	
(156,111)		81,766	
529,915		5,187,835	
\$ 373,804		\$ 5,269,601	

DEWEYVILLE ISD
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	\$ 81,766
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation.	(801,226)
Capital outlays	388,047
Depreciation expense	(1,189,273)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,432)
Prior year delinquent taxes collected in year ended August 31, 2023	(3,253)
Current year uncollected levy net of allowance for uncollectible portion	(1,179)
Prepaid expenses are recorded as uses of current financial resources in governmental funds but do not affect the expenses reported on the Statement of Activities	42,558
The repayment of the principal of long-term debt and capital leases consumes the current financial resources of the governmental funds. This transaction has no effect on net assets.	900,629
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Conversely, certain items reported as expenditures in the governmental funds are considered assets in the governmental-wide statements.	(2,577)
Compensated absences	(2,577)
GASB 68 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 the ending net position to increase by \$197,979. 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 net position totaling \$172,485. Finally, the District's proportionate share of the TRS pension plan expense as a whole increased the change in net position by \$105,610. The net result is to increase the change in net position.	(80,116)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$45,806. 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 net position totaling \$42,472. 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 \$(243,411). The net result is an increase in the change in net position.	246,745
Change in Net Position of Governmental Activities	\$ 383,347

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

FIDUCIARY FUND FINANCIAL STATEMENT

DEWEYVILLE ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 35,786
Total Assets	<u>35,786</u>
NET POSITION	
Unrestricted Net Position	<u>35,786</u>
Total Net Position	<u><u>\$ 35,786</u></u>

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

DEWEYVILLE ISD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Fund
ADDITIONS:	
Cocurricular Services or Activities	\$ 67,504
Total Additions	<u>67,504</u>
DEDUCTIONS:	
Other Deductions	<u>46,111</u>
Total Deductions	<u>46,111</u>
Change in Fiduciary Net Position	21,393
Total Net Position - September 1 (Beginning)	<u>14,393</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 35,786</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deweyville Independent School District (the "District") is a public educational entity operating under the applicable laws and regulations of the State of Texas. 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. 56, 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.

A. REPORTING ENTITY

The Board of Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14 "The Financial Reporting Entity" and there are no component units included within this reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges for services such as food service or extracurricular activities and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The General Fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

The Debt Service Fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Projects Fund is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction along with the related capital expenditures.

Additionally, the government reports the following other fund types:

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

Custodial Funds: These funds are used to report student activity funds and other resources held in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accordance with the FASRG, the District has adopted and installed an accounting system, which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FASRG. Mandatory codes are utilized in the form provided in that section.

D. ASSETS, LIABILITIES, AND NET POSITION

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Property taxes

Property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 30% of the outstanding property taxes at August 31, 2023.

3. Inventories

The purchase method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are recorded as an expenditure when purchased.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Equipment	10
Buses	10
Vehicles	10

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

5. Compensated absences

Vacations are to be taken within the same year they are earned. Any liability would be immaterial and none has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment. In addition to state personal leave, the District has a policy, which provides seven days per year of local sick leave for all employees in the District.

Local sick leave is noncumulative. Employees are reimbursed for unused local leave to a maximum of seven days per school year.

Upon retirement from the District, eligible employees are paid for the total unused state days at the rate of \$20 to \$40 per day. This program represents the only potential non-payroll cost to the District and is estimated to be \$76,300 at August 31, 2023. This obligation is included in Noncurrent Liabilities Due in More Than One Year in Exhibit A-1 (Statement of Net Position).

6. Leases

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of payments made. The lease asset is measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over its useful life.

The District used the interest rate charged by the lessor as the discount rate if available. When the interest rate charged by the lessor is not available, the District uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are the fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

7. *Long-term obligations*

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 position. Bond premiums and discounts are amortized over the term of the related debt.

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 services expenditures.

8. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position (Exhibit A-1) 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 has two items that qualify for reporting in this category. They are contributions made to the pension plan and the OPEB plan in the 2023 fiscal year.

In addition to liabilities, the statement of financial position (Exhibit A-1) 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 will not be recognized as an inflow of resources (revenue) until that time.

The District has three types of items; the first arises only under a modified accrual basis of accounting that qualifies for the reporting in this category. Accordingly, the item unavailable revenue – property taxes, is reported only in the governmental funds balance sheet (Exhibit C-1). This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The second is the deferrals of pension expense that result from the implementation of GASB Statement 68. The third is the deferrals of OPEB expense that result from the implementation of GASB Statement 75. The deferrals for pension and OPEB are only reported in the government-wide statement of net position (Exhibit A-1).

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

9. Fund equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher level government), through constitutional provisions or by enabling legislation.
- *Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- *Unassigned fund balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. At August 31, 2023, Deweyville Independent School District reported \$390 in Nonspendable Fund Balance and no Assigned Fund Balance in the General Fund. At August 31, 2023, the District Special Revenue Funds reported \$23,343 of Nonspendable Fund Balance in Child Nutrition Services and \$307,068 as Committed to Child Nutrition Services, \$206 as Committed for Teacher Stipends, and \$43,187 as Committed to Campus Level Activities. The District has \$772,820 Committed for Construction.

10 Net Position Flow Assumptions

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

11. Fund Balance Flow Assumptions

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

12. Use of Estimates

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

13. 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.

14. Other Post-Employment Benefits

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Food Service Special Revenue Fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. REQUIRED INDIVIDUAL FUND DISCLOSURES

For the year ended August 31, 2023, the General Fund expenditures exceeded the amended budget for the functions listed below. Child Nutrition Fund and Debt Service Fund did not have any expenditures that exceeded the amended budget amounts. No fund balances were in a deficit position.

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Expenditure</u>	<u>Variance</u>
General Fund			
Function 31 Guidance, Counseling, and Evaluation Services	\$ 95,924	\$ 103,001	\$ (7,077)
Function 41 General Administration	582,944	599,086	(16,142)

C. DATA CONTROL CODES

Data control codes refer to the account code structure prescribed by the Texas Education Agency, Financial Accountability System Resource Guide.

D. HEALTH CARE

Effective September 1, 2002, the District enrolled in the State sponsored TRS Active Care health insurance program. The District contributes to the State sponsored program \$179 per month per employee (in addition to the \$75 per month that is provided by the State of Texas). Employees, at their option, contribute for dependent coverage through payroll withholdings.

The District does not provide any post-retirement health benefits to its employees.

E. RISK MANAGEMENT AND PARTICIPATION IN RISK POOLS

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Most of these risks are protected by insurance. There were no significant reductions in coverage in the past fiscal year.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

E. RISK MANAGEMENT AND PARTICIPATION IN RISK POOLS (CONTINUED)

The District participates in the following risk pools:

During the year ended August 31, 2023, the Deweyville Independent School District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that Deweyville ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. This audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

During the year ended August 31, 2023, the District provided workers' compensation coverage to its employees through participation in the Deep East Texas Self Insurance Fund, a public entity risk pool, which is self-sustained through member premiums. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000.

The District has no known premium liability for workers' compensation coverage in excess of the stated annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. As of the most recent audit date, the Fund had adequate assets to cover 100% of the projected liability.

During the year ended August 31, 2023, Deweyville Independent School District participated in the Risk Management Program of Regional Pool Alliance with the following coverage: vehicle liability and damages; general liability; professional liability; employment practices. The District also participated in the Property Disaster Recovery Program of Regional Pool Alliance with the following coverage: Fire, Windstorm, Vandalism, Hurricane, Flood, and all perils not otherwise excluded.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

E. RISK MANAGEMENT AND PARTICIPATION IN RISK POOLS (CONTINUED)

Regional Pool Alliance is not a public pool, but rather is an organization that assists clients with the process of obtaining insurance coverage and related services at a reduced cost through group purchasing. Deweyville Independent School District has the previously listed coverage through participation in specific insurance policies with A and A+ companies including Lloyd's of London. Specific properties, perils, and coverage amounts are listed as policy addendums.

NOTE 3. BUDGETARY LEGAL COMPLIANCE

The Official Budget was prepared for adoption for the General Fund, Food Service Fund and Debt Service Fund prior to August 20, 2022 and was adopted by the Board on August 15, 2022. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the Board unless the intent is to cross fund or function or increase the overall budget allocations. Control of appropriations by the Board is maintained within Fund Groups at the function code level.

The Budget is formally adopted by the Board at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System.

Should any change in the approved budget be required, budget amendment requests are presented to the Board for consideration. Amendments are requested and approved before the fact and once approved are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures.

NOTE 4. DEPOSITS AND INVESTMENTS

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

1. Cash Deposits: At August 31, 2023, the carrying amount of the District's cash, savings and time deposits was \$1,294,827. The bank balance was \$1,393,211. During 2022 - 2023, the District's combined deposits were fully insured by federal depository insurance or securities pledged to the District and held by the depository's agent in the District's name.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

3. Deposit and Investment Risks:

Interest rate risk. In accordance with its investing policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to one year or less.

Credit risk. For fiscal year 2023, the District invested in Lone Star Investment Pool. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC formerly the Texas Association of School Boards Financial Services. The District's investments in Lone Star Investment Pool were rated AAA by Standard & Poor's Investors Service.

Concentration of credit risk. The District's investment policy does not limit an investment in any one issuer. The District monitors the need to diversify investments on a regular basis.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2023, District deposits at the local depository were insured and collateralized with pledged assets by the depository's agent.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the fact that investments are insured or registered, or the investments are held by the District or its agent in the District's name.

The District's investments at August 31, 2023 are shown below.

<u>Investments</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rating</u>
Lone Star Investment Pool	n/a	<u>\$3,214,168</u>	AAA

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

Fair values of Lone Star Investment Pool are based on quoted market prices of the underlying assets as provided by the Fund Sponsor, First Public, LLC. The investments are reported by the School District at cost which approximates market value. Governmental Accounting Standards Board Statement (GASB) No. 79, "Certain External Investment Pools and Pool Participants" allows the reporting of these investments at cost due to short-term maturities.

NOTE 5. PROPERTY TAXES

Property taxes are considered available when collected within the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on August 1, 2022, upon which the levy for the 2022 - 2023 fiscal year was based, was \$621,776,520. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 5. PROPERTY TAXES (CONTINUED)

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.861200 and \$0.156768 per \$100 valuation, respectively, for a total of \$1.017980 per \$100 valuation.

Current tax collections for the year ended August 31, 2023 were 98.24% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2023, property taxes receivable, net of estimated uncollectible taxes of \$110,526 and \$19,091, totaled \$257,895 and \$44,544 for the General and Debt Service Funds, respectively.

NOTE 6. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal, state, and local governments as of August 31, 2023, are summarized below. Federal grants shown below are passed primarily through the Texas Education Agency and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Local Governments</u>	<u>State Entitlement and Awards</u>	<u>Federal Entitlement and Awards</u>	<u>Total</u>
General	\$ 25,721	\$ 674,776	\$ -	\$ 700,497
Capital Projects	-	750,000	-	750,000
Special Revenue	-	27,124	105,065	132,189
Debt Service	4,495	-	-	4,495
	<u>\$ 30,216</u>	<u>\$ 1,451,900</u>	<u>\$ 105,065</u>	<u>\$ 1,587,181</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 7. CAPITAL ASSETS

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

	Balance September 1, 2022	Additions	Retirements & Transfers	Balance August 31, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 456,153	\$ -	\$ -	\$ 456,153
Total capital assets not being depreciated	<u>456,153</u>	<u>-</u>	<u>-</u>	<u>456,153</u>
Capital assets, being depreciated:				
Buildings and Improvements	39,676,915	-	-	39,676,915
Furniture and Equipment	2,036,966	388,047	-	2,425,013
Right to use - equipment	<u>84,841</u>	<u>-</u>	<u>-</u>	<u>84,841</u>
Total Capital assets being depreciated	<u>41,798,722</u>	<u>388,047</u>	<u>-</u>	<u>42,186,769</u>
Less accumulated depreciation for:				
Buildings and Improvements	(8,959,535)	(982,896)	-	(9,942,431)
Furniture and Equipment	(890,747)	(180,679)	-	(1,071,426)
Right to use - equipment	<u>(23,276)</u>	<u>(25,698)</u>	<u>-</u>	<u>(48,974)</u>
Total accumulated depreciation	<u>(9,873,558)</u>	<u>(1,189,273)</u>	<u>-</u>	<u>(11,062,831)</u>
Total capital assets, being depreciated, net	<u>31,925,164</u>	<u>(801,226)</u>	<u>-</u>	<u>31,123,938</u>
Governmental activities capital assets, net	<u>\$ 32,381,317</u>	<u>\$ (801,226)</u>	<u>\$ -</u>	<u>\$ 31,580,091</u>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
11 Instruction	\$ 902,548
23 School Leadership	24,074
34 Student (Pupil) Transportation	97,221
35 Food Services	13,751
36 Extracurricular Activities	16,865
41 General Administration	40,994
51 Plant Maintenance and Operations	66,827
52 Security and Monitoring Services	1,732
53 Data Processing Services	<u>25,261</u>
Total depreciation expense - governmental activities	<u>\$ 1,189,273</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Contribution Rates

	<u>2023</u>	<u>2022</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
Current Fiscal Year Employer Contributions		\$ 197,979
Current Fiscal Year Member Contributions		\$ 342,921
2022 Measurement Year NECE On-Behalf Contributions		\$ 228,618

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, 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 including public 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 the new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

In addition to the employer contributions listed on the previous page, there is an additional surcharge an employer is subject to:

- 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.
- All public schools must contribute 1.7% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91%**
Last year ending August 31 in Projection Period (100 Years)	2121
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc Post Employment Benefit Changes	None

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

The actuarial 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.

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

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate (Continued)

The long-term rate of return on pension plan investments is 7.00%. 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 Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Allocation and Long-Term Expected Real Rate of Return

Asset Class ⁴	FY 2020 Target Allocation% ¹	Long-Term Expected Arithmetic Rate of Return ²	Expected Contributions to Long-Term Portfolio Return
Global Equity			
U.S.A.	18.00%	4.60%	1.12%
Non-U.S. 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 and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
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 ³			-0.91%
Expected Return	<u>100.00%</u>		<u>8.21%</u>

¹ Target Allocations are based on the FY2022 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022)

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes Credit Sensitive Investments.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than or 1% greater than the discount rate that was used (7.00%) in measuring the 2022 Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Deweyville's proportionate share of the net pension liability:	<u>\$ 3,468,636</u>	<u>\$ 2,229,744</u>	<u>\$ 1,225,564</u>

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. At August 31, 2023, Deweyville Independent School District reported a liability of \$2,229,744 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 2,229,744
State's proportionate share that is associated with the District	<u>2,908,614</u>
Total	<u>\$ 5,138,358</u>

The net pension liability was measured as of 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 0.0037558369% which was an increase of 0.0012916888% from its proportion measured as of August 31, 2021.

Change 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.

For the year ended August 31, 2023, the District recognized pension expense of \$556,126 and revenue of \$278,031 for support provided by the State.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 32,331	\$ 48,613
Changes in actuarial assumptions	415,474	103,548
Difference between projected and actual investment earnings	220,292	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	465,400	189,468
Total as of August 31, 2022 measurement date	1,133,497	341,629
Contributions paid to TRS subsequent to the measurement date	197,979	-
Total	\$ 1,331,476	\$ 341,629

Deferred outflow of resources related to pensions resulting from contributions subsequent to the measurement date of \$197,979 will be recognized as a reduction of the net pension liability for the year ending August 31, 2024. Other amounts reported as deferred outflow and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2024	\$ 167,592
2025	106,870
2026	80,187
2027	336,486
2028	100,734
Thereafter	(1)

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend 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 by visiting the TRS web-site at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701-2698; or by calling the TRS Communications Department at 1 (512) 542-6592.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

Benefits Provided. TRS provides a health insurance coverage to retirees from public schools who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

**or surviving spouse*

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The table on the next page shows contributions to the TRS-Care plan by type of contributor.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

Contributions (Continued)

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2022</u>
Member	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%
Current Fiscal Year Employer Contributions		\$ 45,806
Current Fiscal Year Member Contributions		\$ 27,862
2022 Measurement Year NECE On-Behalf Contributions		\$ 52,462

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$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. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions.

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 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% 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.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expense 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

Discount rate. A single discount rate of 3.91% was used to measure the total OPEB liability. This was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 3.91% in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Deweyville's proportionate share of the Net OPEB liability:	<u>\$ 1,478,276</u>	<u>\$ 1,253,755</u>	<u>\$ 1,539,806</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of \$1,253,755 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,253,755
State's proportionate share that is associated with the District	<u>1,529,384</u>
Total	<u><u>\$ 2,783,139</u></u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to 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 0.0052361941% which was an increase of 0.0011477543% from its proportion measured as of August 31, 2021.

The following schedule shows the impact of the NET OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates is used.

	<u>1% Decrease</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase</u>
Deweyville's proportionate share of the Net OPEB liability:	<u>\$ 1,033,099</u>	<u>\$ 1,253,755</u>	<u>\$ 1,539,806</u>

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

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

For the year ended August 31, 2023, the District recognized OPEB expense of (\$417,971) and revenue of (\$217,032) for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 69,704	\$ 1,044,490
Changes in actuarial assumptions	190,972	871,034
Difference between projected and actual investment earnings	3,734	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	680,571	521,063
Total as of August 31, 2022 measurement date	944,981	2,436,587
Contributions paid to TRS subsequent to the measurement date	45,806	-
Total	<u>\$ 990,787</u>	<u>\$ 2,436,587</u>

Deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date of \$45,806 will be recognized as a reduction of the net OPEB liability for the year ending August 31, 2024. Other amounts reported as deferred outflow and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2024	\$ (343,234)
2025	(343,222)
2026	(290,054)
2027	(218,074)
2028	(149,774)
Thereafter	(147,248)

Medicare Part D On-Behalf Payments. The Medicare Prescription Drug Act of 2003, which became 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. These on-behalf payments for Deweyville Independent School District for the years August 31, 2023, 2022 and 2021 were \$23,400, \$17,582, and \$17,770, respectively.

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement for a portion of the cost of health care benefits to retirees between the ages of 55 – 64 and their covered dependents. TRS-Care did not participate in this program for the year ended August 31, 2023.

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 9. SCHOOL DISTRICT RETIREE HEALTH PLAN (CONTINUED)

Medicare Part D On-Behalf Payments. (Continued)

During the fiscal year ended August 31, 2023, the District paid \$4,815 for previously retired public school employees for whom the District had a TRS-Care Premium payment responsibility.

NOTE 10. BONDS PAYABLE

The District's bonds payable consist of general obligation bonds to provide funds for the construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The current requirements for principal and interest expenditures for general obligation bonds are accounted for in the Debt Service Fund.

Changes in bonds payable

Bonds payable activity for the year ended August 31, 2023 was as follows:

Series	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2019 Unlimited Tax refunding bond	3-4%	\$ 5,285,000	\$ 3,415,000	\$ -	\$ (665,000)	\$ 2,750,000	\$ 690,000
Premium		571,844	266,107	-	(80,619)	185,488	68,238
2021 Unlimited Tax refunding bond	2-3%	6,410,000	6,410,000	-	-	6,410,000	-
Premium		783,430	706,622	-	(72,381)	634,241	72,381
Total bonds payable			<u>\$ 10,797,729</u>	<u>\$ -</u>	<u>\$ (818,000)</u>	<u>\$ 9,979,729</u>	<u>\$ 830,619</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended August 31,	General Obligation Debt		
	Principal	Interest	Total Requirements
2024	\$ 690,000	\$ 284,900	\$ 974,900
2025	715,000	257,300	972,300
2026	675,000	228,700	903,700
2027	700,000	206,200	906,200
2027	725,000	180,500	905,500
2029-2033	3,925,000	595,650	4,520,650
2034-2035	1,730,000	78,300	1,808,300
	<u>\$ 9,160,000</u>	<u>\$1,831,550</u>	<u>\$ 10,991,550</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 11. LOAN PAYABLE

Loan payable activity for the year ended August 31, 2023, was as follows:

	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government capital corp	2.195%	\$ 423,800	\$ 423,800	\$ -	\$ (56,537)	\$ 367,263	\$ 57,937
Total loans payable			\$ 423,800	\$ -	\$ (56,537)	\$ 367,263	\$ 57,937

Annual debt service requirements to maturity for the loan payable is as follows:

Year Ended August 31,	Loans Payable		
	Principal	Interest	Total Requirements
2024	\$ 57,937	\$ 8,061	\$ 65,998
2025	59,208	6,790	65,998
2026	60,508	5,490	65,998
2027	61,836	4,162	65,998
2028	63,193	2,805	65,998
2029	64,581	1,418	65,999
	<u>\$ 367,263</u>	<u>\$ 28,726</u>	<u>\$ 395,989</u>

NOTE 12. RIGHT TO USE LEASE LIABILITIES

Changes in right to use lease liability

Right to use lease liability activity for the year ended August 31, 2023, was as follows:

Series	Interest Rate Payable	Liability At Commencement	Lease Term In Years	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Postage Machine	3.4%	\$ 9,989	4	\$ 5,670	\$ -	\$ (1,608)	\$ 4,062	\$ 1,663
Copiers	3.4%	77,803	4	56,290	-	(24,484)	31,806	25,329
				<u>\$ 61,960</u>	<u>\$ -</u>	<u>\$ (26,092)</u>	<u>\$ 35,868</u>	<u>\$ 26,992</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 12. RIGHT TO USE LEASE LIABILITIES (CONTINUED)

Annual principal and interest requirements to maturity for the right to use lease liability is as follows:

Year Ended August 31	Right to Use Lease Liability		
	Principal	Interest	Total
2024	\$ 26,992	\$ 801	\$ 27,793
2025	8,198	92	8,290
2026	678	6	684
	<u>\$ 35,868</u>	<u>\$ 899</u>	<u>\$ 36,767</u>

NOTE 13. LONG-TERM OBLIGATIONS

Long-term obligation activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds	\$ 10,797,729	\$ -	\$ (818,000)	\$ 9,979,729	\$ 830,619
Loan	423,800	-	(56,537)	367,263	57,937
Right to use leases	61,960	-	(26,092)	35,868	26,992
Compensated absences	73,723	2,577	-	76,300	-
	<u>\$ 11,357,212</u>	<u>\$ 2,577</u>	<u>\$ (900,629)</u>	<u>\$ 10,459,160</u>	<u>\$ 915,548</u>

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

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

NOTE 14. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$ 5,333,547	\$ -	\$ 970,170	\$ -	\$ 6,303,717
Athletic Receipts	27,904	-	-	-	27,904
Food Service Receipts	-	18,174	-	-	18,174
Investment Income	189,786	-	13,725	-	203,511
Penalties, interest and other tax related income	69,700	-	13,228	-	82,928
Co-curricular student activities	-	159,764	-	-	159,764
Other	29,024	2,400	-	-	31,424
Total	<u>\$ 5,649,961</u>	<u>\$ 180,338</u>	<u>\$ 997,123</u>	<u>\$ -</u>	<u>\$ 6,827,422</u>

NOTE 15. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Food Service Advance Sales	\$ -	\$ 626	\$ -	\$ 626
Property Tax Refund	271,191	-	35,050	306,241
Existing Debt Allotment	-	-	8,750	8,750
State Revenue	-	5,044	-	5,044
Total Unearned Revenue	<u>\$ 271,191</u>	<u>\$ 5,670</u>	<u>\$ 43,800</u>	<u>\$ 320,661</u>

On October 18, 2021, a taxpayer settled with the county tax appraisal district over their appraised value for the 2020 tax year. The remaining balance to be repaid is shown as unearned property taxes at August 31, 2023.

NOTE 16. LITIGATION AND CONTINGENCIES

At various times, the District is a party to various actual and threatened legal actions. The District intends to vigorously defend these actions. No provision for any potential losses or legal expenses has been recorded in the accompanying financial statements.

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

REQUIRED SUPPLEMENTARY INFORMATION

DEWEYVILLE ISD
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	\$ 5,360,668	\$ 5,374,169	\$ 5,649,961	\$ 275,792
5800 State Program Revenues	1,359,128	1,599,813	1,792,165	192,352
5900 Federal Program Revenues	80,412	251,069	541,421	290,352
5020 Total Revenues	6,800,208	7,225,050	7,983,547	758,497
EXPENDITURES:				
Current:				
0011 Instruction	3,441,793	3,638,630	3,524,033	114,597
0012 Instructional Resources and Media Services	106,604	111,648	93,448	18,200
0013 Curriculum and Instructional Staff Development	28,538	33,938	29,671	4,267
0023 School Leadership	370,885	393,718	367,455	26,263
0031 Guidance, Counseling, and Evaluation Services	72,888	95,924	103,001	(7,077)
0033 Health Services	10,700	16,736	13,908	2,828
0034 Student (Pupil) Transportation	317,520	399,837	357,977	41,860
0035 Food Services	-	7,607	4,765	2,842
0036 Extracurricular Activities	412,774	573,589	492,708	80,881
0041 General Administration	444,858	582,944	599,086	(16,142)
0051 Facilities Maintenance and Operations	1,108,846	1,136,266	1,120,263	16,003
0052 Security and Monitoring Services	30,522	33,022	19,972	13,050
0053 Data Processing Services	84,280	92,798	65,536	27,262
Debt Service:				
0071 Principal on Long-Term Liabilities	-	94,687	82,629	12,058
0072 Interest on Long-Term Liabilities	-	17,611	11,163	6,448
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	535,000	534,300	700
Intergovernmental:				
0099 Other Intergovernmental Charges	370,000	370,300	370,287	13
6030 Total Expenditures	6,800,208	8,134,255	7,790,202	344,053
1200 Net Change in Fund Balances	-	(909,205)	193,345	1,102,550
0100 Fund Balance - September 1 (Beginning)	3,304,339	3,304,339	3,304,339	-
3000 Fund Balance - August 31 (Ending)	\$ 3,304,339	\$ 2,395,134	\$ 3,497,684	\$ 1,102,550

DEWEYVILLE ISD
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 <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 Pension Liability (Asset)	0.003755837%	0.002464148%	0.0025796%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,229,744	\$ 627,531	\$ 1,381,568
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,908,614	1,529,615	3,136,768
Total	<u>\$ 5,138,358</u>	<u>\$ 2,157,146</u>	<u>\$ 4,518,336</u>
District's Covered Payroll	\$ 4,139,315	\$ 3,924,168	\$ 3,747,464
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	53.87%	15.99%	36.87%
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.

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
0.0029197%		0.0031678%		0.0036287%		0.0035803%		0.0038391%		0.0027062%	
\$	1,517,766	\$	1,743,615	\$	1,160,286	\$	1,352,975	\$	1,357,071	\$	722,864
2,925,322		3,170,101		2,038,028		2,759,931		2,675,366		2,375,420	
\$	4,443,088	\$	4,913,716	\$	3,198,314	\$	4,112,906	\$	4,032,437	\$	3,098,284
\$	3,559,032	\$	3,563,987	\$	3,772,323	\$	4,019,400	\$	4,063,726	\$	4,059,610
42.65%		48.92%		30.76%		33.66%		33.39%		17.81%	
75.24%		73.74%		82.17%		78.00%		78.43%		83.25%	

DEWEYVILLE ISD
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 197,979	\$ 172,485	\$ 105,800
Contribution in Relation to the Contractually Required Contribution	(197,979)	(172,485)	(105,800)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,286,509	\$ 4,139,315	\$ 3,924,168
Contributions as a Percentage of Covered Payroll	4.62%	4.17%	2.70%

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
\$ 106,622	\$ 102,217	\$ 99,853	\$ 116,082	\$ 117,260	\$ 113,677
(106,622)	(102,217)	(99,853)	(116,082)	(117,260)	(113,677)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,747,464	\$ 3,559,032	\$ 3,563,987	\$ 3,772,323	\$ 4,019,400	\$ 4,063,726
2.85%	2.87%	2.80%	3.08%	2.92%	2.80%

DEWEYVILLE ISD
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 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.005236%	0.004088%	0.003938%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,253,755	\$ 1,577,094	\$ 1,496,884
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,529,384	2,112,954	2,011,453
Total	<u>\$ 2,783,139</u>	<u>\$ 3,690,048</u>	<u>\$ 3,508,337</u>
District's Covered Payroll	\$ 4,139,315	\$ 3,924,168	\$ 3,747,464
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	30.29%	40.19%	39.94%
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.

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.004045%		0.004319%		0.0057009%	
\$	1,912,913	\$	2,156,522	\$	2,479,104
2,541,829		3,087,768		2,932,525	
<hr/>		<hr/>		<hr/>	
\$	4,454,742	\$	5,244,290	\$	5,411,629
<hr/>		<hr/>		<hr/>	
\$	3,559,032	\$	3,563,987	\$	3,772,323
53.75%		60.51%		65.72%	
2.66%		1.57%		0.91%	

DEWEYVILLE ISD
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	\$ 45,806	\$ 42,472	\$ 31,940
Contribution in Relation to the Contractually Required Contribution	(45,806)	(42,472)	(31,940)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 4,286,509	\$ 4,139,315	\$ 3,924,168
Contributions as a Percentage of Covered Payroll	1.07%	1.03%	0.81%

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	
\$	29,929	\$	28,719	\$	29,787
	(29,929)		(28,719)		(29,787)
\$	-	\$	-	\$	-
\$	3,747,464	\$	3,559,032	\$	3,563,987
	0.80%		0.81%		0.84%

REQUIRED TEA SCHEDULES

DEWEYVILLE ISD
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	1.040000	0.205700	554,190,415
2016	1.040000	0.205700	535,762,629
2017	1.040000	0.155000	561,051,554
2018	1.040000	0.155828	556,838,169
2019	1.040000	0.150824	571,557,924
2020	0.970000	0.139507	602,833,236
2021	0.874700	0.113050	704,301,392
2022	0.874700	0.163327	589,242,223
2023 (School year under audit)	0.861200	0.156768	621,776,520
1000 TOTALS			

(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
\$ 122,046	\$ -	\$ 7,181	\$ 1,510	\$ (550)	\$ 112,805
23,941	-	2,232	441	(53)	21,215
28,471	-	2,460	487	(53)	25,471
30,714	-	2,531	377	(50)	27,756
29,418	-	4,015	602	(207)	24,594
27,043	-	3,458	502	(215)	22,868
34,107	-	6,437	926	(751)	25,993
42,367	-	10,764	1,391	(1,844)	28,368
100,282	-	33,965	6,342	(12,625)	47,350
-	6,329,486	5,260,504	957,592	(15,753)	95,637
<u>\$ 438,388</u>	<u>\$ 6,329,486</u>	<u>\$ 5,333,547</u>	<u>\$ 970,170</u>	<u>\$ (32,101)</u>	<u>\$ 432,056</u>

DEWEYVILLE ISD
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	\$ 10,558	\$ 21,358	\$ 20,574	\$ (784)
5800	State Program Revenues	1,800	1,800	1,519	(281)
5900	Federal Program Revenues	386,200	406,455	420,391	13,936
5020	Total Revenues	398,558	429,613	442,484	12,871
EXPENDITURES:					
Current:					
0035	Food Services	398,558	660,627	591,945	68,682
6030	Total Expenditures	398,558	660,627	591,945	68,682
1200	Net Change in Fund Balances	-	(231,014)	(149,461)	81,553
0100	Fund Balance - September 1 (Beginning)	479,872	479,872	479,872	-
3000	Fund Balance - August 31 (Ending)	\$ 479,872	\$ 248,858	\$ 330,411	\$ 81,553

DEWEYVILLE ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
Control	Codes				
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 970,850	\$ 970,850	\$ 997,123	\$ 26,273
5800	State Program Revenues	-	-	18,259	18,259
5020	Total Revenues	970,850	970,850	1,015,382	44,532
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	665,000	665,000	665,000	-
0072	Interest on Long-Term Liabilities	304,850	304,850	304,850	-
0073	Bond Issuance Cost and Fees	1,000	1,000	1,000	-
6030	Total Expenditures	970,850	970,850	970,850	-
1200	Net Change in Fund Balances	-	-	44,532	44,532
0100	Fund Balance - September 1 (Beginning)	580,761	580,761	580,761	-
3000	Fund Balance - August 31 (Ending)	\$ 580,761	\$ 580,761	\$ 625,293	\$ 44,532

DEWEYVILLE ISD
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.	501,501
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	459,677

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.	1,111
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	71,955

FEDERAL AWARDS SECTION

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA
Allen W. Fehnel, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA
Chris W. Busch, CPA

January 22, 2024

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Deweyville Independent School District
Deweyville, Texas

Members of the Board:

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 (GAAS), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Deweyville Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

J. Pat O'Neill, III, CPA
Michael W. Kiefer, CPA
Troy W. Domingue, CPA
Allen W. Fehnel, CPA



Stanley (Chip) Majors, Jr., CPA, CITP, CGMA
Jane P. Burns, CPA, CDFA
Jeremy R. Triska, CPA
Chris W. Busch, CPA

January 22, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Deweyville Independent School District
Deweyville, Texas

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Deweyville Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Board of Trustees
Deweyville Independent School District
Page 3
January 22, 2024

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

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

Wathen, DeShong & Juncker, L.L.P.

WATHEN, DeSHONG & JUNCKER, L.L.P.
Certified Public Accountants

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness identified? _____ yes ☒ no
- Significant deficiency identified? _____ yes ☒ none reported

Noncompliance material to financial statements noted? _____ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness identified? _____ yes ☒ no
- Significant deficiency identified? _____ yes ☒ none reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to
be reported in accordance with Uniform Guidance? _____ yes ☒ no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425D	CRRSA ESSER II
84.425W	ARP Homeless II
84.425U	ARP ESSER III

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

Auditee qualified as low-risk auditee? ☒ yes _____ no

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2023
(CONTINUED)**

Section II – Financial Statement Findings and Responses

-- NONE NOTED --

Section III – Federal Award Findings and Responses

-- NONE NOTED --

DEWEYVILLE ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY FEMA			
<u>Passed Through Texas Dept. of Public Safety (TDEM)</u>			
Public Assist. Grant, 4485 Texas Covid-19 Pandemic	97.036	PW 685	\$ 23,613
Public Assist. Grant, 4266, Severe Storms & Flooding	97.036	PA-06-TX-4266	337,092
Total Assistance Listing Number 97.036			360,705
Total Passed Through Texas Dept. of Public Safety (TDEM)			360,705
TOTAL DEPARTMENT OF HOMELAND SECURITY FEMA			360,705
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Small, Rural School Achievement Program	84.358 A	S358A223623	33,058
Small, Rural School Achievement Program	84.358 A	S358A233618	3,371
Total Assistance Listing Number 84.358			36,429
Total Direct Programs			36,429
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	22610101176903	10,845
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	23610101176903	155,026
Total Assistance Listing Number 84.010			165,871
*IDEA - Part B, Formula	84.027 A	226600011769036000	21,313
*IDEA - Part B, Formula	84.027 A	236600011769036000	160,117
*IDEA - Part B, Formula - American Rescue Act (ARP)	84.027 X	225350021769035000	20,224
Total Assistance Listing Number 84.027			201,654
*IDEA - Part B, Preschool	84.173 A	226610011769036000	65
*IDEA - Part B, Preschool	84.173 A	236610011769036000	1,453
*IDEA - Part B, Preschool - American Rescue Act (ARP)	84.173 X	225360021769035000	1,080
Total Assistance Listing Number 84.173			2,598
Total Special Education Cluster (IDEA)			204,252
ESEA, Title II, Part A, Supporting Effective Instruction	84.367 A	23694501176903	23,537
Title IV, Part A, Subpart 1	84.424 A	23680101176903	10,191
CRRSA ESSER II	84.425 D	21521001176903	261,648
ARP- Homeless II	84.425 W	21533002176903	5,509
ARP ESSER III	84.425 U	21528001176903	369,020
Total Assistance Listing Number 84.425			636,177
Total Passed Through Texas Education Agency			1,040,028
TOTAL U.S. DEPARTMENT OF EDUCATION			1,076,457
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	113,937
*National School Lunch Program - Cash Assistance	10.555	71302301	253,357
*Supply Chain Assistance Grant	10.555	226TX400N8903	13,900

DEWEYVILLE ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
Total Assistance Listing Number 10.555			267,257
Total Child Nutrition Cluster			381,194
Commodity Supplemental Program	10.565	084-902	36,109
P-EBT Local Level Administrative Cost Grant	10.649		628
State Administrative Expense	10.560		2,460
Total Passed Through the Texas Department of Agriculture			420,391
TOTAL U.S. DEPARTMENT OF AGRICULTURE			420,391
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,857,553

*Clustered Programs

DEWEYVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2023

1. The accompanying Schedule Of Expenditures Of Federal Awards (Schedule) includes the federal grant activity of Deweyville Independent School District (the District) under programs of the Federal government for the year ended August 31, 2023. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
3. The District utilizes the fund types specified in the Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
4. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

5. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date or as specified in a program regulation, in accordance with provisions in Office of Management and Budget (OMB) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* - Section 200.343 Closeout.
 - a. Deweyville Independent School District does not record indirect costs for any of its Federal Programs.
 - b. A reconciliation of Federal Revenue reported on Exhibit C-3 to Federal Revenue reported on the Schedule of Expenditures of Federal Awards (Exhibit K-1) follows:

Federal Revenue Reported on Exhibit K-1	\$ 1,857,553
SHARS Medicaid Revenue	<u>180,716</u>
Federal Revenue Reported on Exhibit C-3	<u>\$ 2,038,269</u>

SCHOOLS FIRST QUESTIONNAIRE

Deweyville ISD

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.	