

WALLER INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

**For the Fiscal Year Ended
August 31, 2022**



WALLER INDEPENDENT SCHOOL DISTRICT

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INTRODUCTORY SECTION



CERTIFICATE OF BOARD

Waller Independent School District
Name of School District

Waller
County

237-904
Co. - Dist. No.

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the 12th day of January, 2023.


Signature of Board Secretary


Signature of Board President



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Waller Independent School District
Waller, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, 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.

To the Board of Trustees
Waller Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

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

Houston, Texas
January 12, 2023



WALLER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Waller Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2022.

Financial Highlights

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$13,564,200 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$24,218,873). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2022. This recognition of such liabilities does not affect the financial stability of the District nor does it change how the District conducts its financial decision making. Rather, the District is reflecting its portion of the liabilities that the State of Texas manages and operates.

- The District's total net position at year end increased by \$5,167,495. The significant increase was mainly due to increase in property taxes, state aid, and charges for services.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$114,323,970, a decrease of \$88,078,240 in comparison with the prior year. This decrease is primarily due to increases in construction on bond projects and expenditures related to COVID-19.
- During the year, the District's revenues for governmental activities in the amount of \$123,278,426 exceeded total expenses of \$118,128,424 by \$5,150,002.
- The general fund reported a fund balance this year of \$19,781,205. Of this amount, \$19,407,981 is for unassigned use by the District.
- The District's total bonded debt decreased by \$11,330,000 (3 percent) during the current fiscal year. There was a cash defeasance in the amount of \$4,978,059 during fiscal year 2022. The par amount of the refunded bonds was \$4,930,000 of Unlimited Tax Refunding Bonds, Series 2012 and Series 2013.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

WALLER INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the District's most significant funds, not the District as a whole.

- 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 the following kinds of funds:

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the District's most significant funds. The District's major governmental funds are the General Fund, Debt Service Fund, and Capital Projects Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (child nutrition) and the debt service fund.

Proprietary funds

These funds include the enterprise fund. The District's vending machine fund activity is reported in the enterprise fund.

Fiduciary fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. 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 on page 28 and Statement of Changes in Fiduciary Net Position on page 29.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 31 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found starting on page 60 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,564,200 at the close of the most recent fiscal year.

The largest portion of the District's net position \$12,629,342 reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

As of August 31, 2022 and 2021, the District's net position included the following:

Table I
Waller Independent School District
Comparative Schedule of Net Position
August 31, 2022 and 2021

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Current and Other Assets	\$ 148,748,310	\$ 218,965,221	\$ (70,216,911)	\$ 1,069	\$ (21,932)	\$ 23,001
Capital Assets	348,415,156	269,388,276	79,026,880	-	-	-
Total Assets	497,163,466	488,353,497	8,809,969	1,069	(21,932)	23,001
Deferred Charge on Refunding	2,150,837	2,768,128	(617,291)	-	-	-
Deferred Outflow - Pension	9,263,062	12,395,947	(3,132,885)	-	-	-
Deferred Outflow - OPEB	9,970,601	9,807,493	163,108	-	-	-
Total Deferred Outflows	21,384,500	24,971,568	(3,587,068)	-	-	-
Long-Term Liabilities	444,541,378	470,848,794	(26,307,416)	-	-	-
Other Liabilities	30,306,174	13,059,171	17,247,003	6,971	1,463	5,508
Total Liabilities	474,847,552	483,907,965	(9,060,413)	6,971	1,463	5,508
Deferred Inflow - Pension	12,996,943	3,469,764	9,527,179	-	-	-
Deferred Inflow - OPEB	17,133,369	17,760,937	(627,568)	-	-	-
Total Deferred Inflows	30,130,312	21,230,701	8,899,611	-	-	-
Net Position						
Net Investment in Capital Assets	12,629,342	17,757,301	(5,127,959)	-	-	-
Restricted	25,153,731	26,296,466	(1,142,735)	-	-	-
Unrestricted	(24,212,971)	(35,867,368)	11,654,397	(5,902)	(23,395)	17,493
Total Net Position	\$ 13,570,102	\$ 8,186,399	\$ 5,383,703	\$ (5,902)	\$ (23,395)	\$ 17,493

Approximately \$12.6 million of the District's net position represent investments in capital assets net of related debt.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Changes in net position. The District's total revenues for governmental activities were \$123.3 million. A portion, 55 percent, of the District's revenue comes from local property taxes, 26 percent comes from state aid – formula grants, while 17 percent relates to charges for services and operating grants, and the remaining 2 percent relates to investment earnings and other miscellaneous revenue.

Total cost of all programs and services for governmental activities was \$118,128,424. The net position of the District's governmental activities for the current year increased by \$5,150,002 .

Key elements of the governmental activities of the District are reflected in the following table.

Table II
Waller Independent School District
Comparative Schedule of Changes in Net Position
For the Years Ended August 31, 2022 and 2021

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Revenues						
Program Revenues:						
Charges for Services	\$ 2,281,931	\$ 681,916	\$ 1,600,015	\$ 101,825	\$ 35,960	\$ 65,865
Operating Grants and Contributions	18,832,459	19,472,017	(639,558)	-	-	-
General Revenues:						
Property Taxes	68,114,405	62,729,357	5,385,048	-	-	-
State Aid - Formula Grants	32,519,137	28,866,309	3,652,828	-	-	-
Grants and contributions not restricted	-	-	-	-	3,358	(3,358)
Interest Earnings	1,026,736	376,827	649,909	-	-	-
Miscellaneous	-	-	-	-	-	-
Extraordinary item - disaster recovery	471,508	1,188,006	(716,498)	-	-	-
Special item - gain on sale of asset	32,250	-	32,250	-	-	-
Total Revenues	123,278,426	113,314,432	9,963,994	101,825	39,318	62,507
Expenses						
Instruction	52,303,621	52,618,650	(315,029)	-	-	-
Instrucitonal Resources and Media	690,799	661,871	28,928	-	-	-
Curriculum and staff development	2,698,676	659,525	2,039,151	-	-	-
Instructional leadership	1,498,452	3,747,545	(2,249,093)	-	-	-
School leadership	4,106,239	4,151,422	(45,183)	-	-	-
Guidance, counseling, and evaluation services	4,049,718	4,521,962	(472,244)	-	-	-
Social work services	59,077	41,088	17,989	-	-	-
Health services	601,412	429,218	172,194	-	-	-
Student transportation	5,081,636	4,299,765	781,871	-	-	-
Food service	4,390,580	3,688,426	702,154	-	-	-
Extracurricular activities	2,743,224	1,956,153	787,071	-	-	-
General administration	3,017,238	3,405,038	(387,800)	-	-	-
Facilities maintenance and operations	7,755,223	7,114,444	640,779	-	-	-
Security and monitoring services	808,120	696,295	111,825	-	-	-
Data processing services	2,825,026	3,747,003	(921,977)	-	-	-
Community services	94,461	178,135	(83,674)	-	-	-
Interest on long-term debt	12,319,708	12,526,293	(206,585)	-	-	-
Bond issuance costs and fees	68,453	553,148	(484,695)	-	-	-
Facilities maintenance and repairs	12,146,200	198,786	11,947,414	-	-	-
Payments related to shared services	180,718	-	180,718	-	-	-
Payments to Juvenile Justice Alternative	-	-	-	-	-	-
Education Programs	3,994	-	3,994	-	-	-
Other governmental charges	685,849	628,427	57,422	-	-	-
Vending	-	-	-	84,332	58,066	26,266
Total Expenses	118,128,424	105,823,194	12,305,230	84,332	58,066	26,266
Increase (Decrease) in Net Position	5,150,002	7,491,238	(2,341,236)	17,493	(18,548)	36,041
Net Position - Beginning, restated	8,186,399	695,161	7,491,238	(23,395)	(4,847)	(18,548)
Net Position - Ending	\$ 13,570,102	\$ 8,186,399	\$ 5,383,703	\$ (5,902)	\$ (23,395)	\$ 17,493

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds (as presented starting on 18) reported a combined fund balance of \$114.3 million, which is a decrease of \$88.1 million from last year.

Over the course of the year, the Board of Trustees revised the District's budget a number of times. These budget items fall into three categories. The first category includes amendments and supplemental appropriations that were provided shortly after the school year began. The second category involved moving funds from program areas that did not need or use all of the resources originally appropriated to them. The third category involved changes in state program revenues.

General Fund Budgetary Highlights

There were budget amendments for the 2021-2022 school year required to meet various needs throughout the District approved by the Board of Trustees. Final amended budget for student transportation were higher than the original budget by \$1.6 million primarily due to additional bus drivers along with increased overtime and fuel costs.

Capital Asset and Long-Term Debt Activity

Capital Assets

At August 31, 2022, the District had \$348.4 million (net of depreciation and amortization) invested in a broad range of capital assets, including land, buildings, furniture and equipment, and right-to-use assets used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$79,026,880 (including additions and deductions) over last year. Additional details on capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2022	2021
Land	\$ 15,152,974	\$ 15,152,974
Buildings and Improvements	342,303,798	175,183,286
Furniture and equipment	7,604,490	7,427,657
Vehicles	12,371,706	12,146,916
Right-to-use assets	103,721	-
Construction in Progress	34,326,882	119,613,832
Total	<u>411,863,571</u>	<u>329,524,665</u>
Accumulated Depreciation and Amortization		
Buildings and Improvements	(52,077,781)	(48,175,697)
Furniture and equipment	(3,461,129)	(3,546,364)
Vehicles	(7,885,314)	(8,414,328)
Right-to-use assets	(24,191)	-
Total Accumulated Depreciation and Amortization	<u>(63,448,415)</u>	<u>(60,136,389)</u>
Net Capital Assets	<u>\$ 348,415,156</u>	<u>\$ 269,388,276</u>

Long-Term Debt

At year-end, the District had \$366.0 million in general obligation debt at a coupon interest rate of 2.0-5.0% outstanding. The District's general obligation bonds carried the highest possible rating, according to national rating agencies. Additional details on long-term debt can be found in the notes to the financial statements.

WALLER INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

The District's elected and appointed officials considered many factors when setting the fiscal year 2022-2023 budget and tax rates. Some of these factors include the changing economy, the impact of the coronavirus pandemic, statewide safety and security concerns, an increase in enrollment, an increase in property values while property tax rates have decreased due to the tax relief imposed by the 86th and 87th Texas Legislative Sessions. The District's property values and student enrollment have steadily increased on average 14% and 4%, respectively, over the last 7 years creating a need for additional teaching staff, instructional support staff and related instructional resources. These factors along with the District's budget priorities of creating and offering a competitive compensation package for employees, maintaining existing facilities while keeping up with enrollment growth, and increasing general operating fund balance to stabilize the District's financial condition were taken into consideration when adopting the budget for 2022-2023. The District's general operating fund balance is expected to increase by at least \$1 million by the close of 2022-2023 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Audrey Ambridge, Chief Financial Officer, at (936) 931-0314.

BASIC FINANCIAL STATEMENTS



WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
August 31, 2022

Exhibit A-1

Data Control Codes		Primary Government		
		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and Cash Equivalents	\$ 133,624,569	\$ 1,069	\$ 133,625,638
1120	Current Investments	2,183,433	-	2,183,433
1220	Property Taxes - Delinquent	4,800,778	-	4,800,778
1230	Allowance for Uncollectible Taxes	(83,890)	-	(83,890)
1240	Due from Other Governments	7,815,125	-	7,815,125
1290	Other Receivables, Net	6,180	-	6,180
1410	Prepaid Items	402,115	-	402,115
	Capital Assets Not Subject to Depreciation and Amortization:			
1510	Land	15,152,974	-	15,152,974
1580	Construction in Progress	34,326,882	-	34,326,882
	Capital Assets Net Of Depreciation and Amortization:			
1520	Buildings and Improvements, Net	290,226,017	-	290,226,017
1530	Furniture and Equipment, Net	8,629,753	-	8,629,753
1550	Right-to-use assets, net	79,530	-	79,530
1000	Total Assets	497,163,466	1,069	497,164,535
Deferred Outflows Of Resources				
	Deferred Charge for Refunding	2,150,837	-	2,150,837
	Deferred Outflow Related to TRS Pension	9,263,062	-	9,263,062
	Deferred Outflow Related to TRS OPEB	9,970,601	-	9,970,601
1700	Total Deferred Outflows of Resources	21,384,500	-	21,384,500
Liabilities				
2110	Accounts Payable	24,894,571	6,816	24,901,387
2140	Interest Payable	598,723	-	598,723
2160	Accrued Wages Payable	4,753,653	155	4,753,808
2180	Due to Other Governments	31,616	-	31,616
2300	Unearned Revenue	27,611	-	27,611
	Noncurrent Liabilities:			
2501	Due Within One Year	7,368,830	-	7,368,830
2502	Due in More Than One Year	400,499,952	-	400,499,952
2540	Net Pension Liability	12,039,811	-	12,039,811
2545	Net Other Post-Employment Benefits (OPEB) Liabilities	24,632,785	-	24,632,785
2000	Total Liabilities	474,847,552	6,971	474,854,523
Deferred Inflows Of Resources				
	Deferred Inflows - Pension	12,996,943	-	12,996,943
	Deferred Outflows - OPEB	17,133,369	-	17,133,369
2600	Total Deferred Inflows of Resources	30,130,312	-	30,130,312
Net Position				
3200	Net Investment in Capital Assets	12,629,342	-	12,629,342
	Restricted For:			
3820	Federal and State Programs	2,546,442	-	2,546,442
3850	Debt Service	22,607,289	-	22,607,289
3900	Unrestricted	(24,212,971)	(5,902)	(24,218,873)
3000	Total Net Position	\$ 13,570,102	\$ (5,902)	\$ 13,564,200

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2022

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	Primary government			
	Governmental activities:			
11	Instruction	\$ 52,303,621	\$ 768,905	\$ 8,112,167
12	Instructional resources and media services	690,799	83,657	7,615
13	Curriculum and staff development	2,698,676	17,994	1,172,008
21	Instructional leadership	1,498,452	17,993	145,421
23	School leadership	4,106,239	44,982	50,703
31	Guidance, counseling, and evaluation services	4,049,718	35,986	1,219,530
32	Social work services	59,077	-	17,380
33	Health services	601,412	33,481	1,504,639
34	Student transportation	5,081,636	53,979	66,380
35	Food service	4,390,580	211,543	5,698,189
36	Extracurricular activities	2,743,224	798,380	(9,685)
41	General administration	3,017,238	35,986	849
51	Facilities maintenance and operations	7,755,223	143,060	429,389
52	Security and monitoring services	808,120	8,996	40,679
53	Data processing services	2,825,026	26,989	271,027
61	Community services	94,461	-	102,804
72	Interest on long-term debt	12,319,708	-	-
73	Bond issuance costs and fees	68,453	-	-
81	Facilities maintenance and repairs	12,146,200	-	3,364
93	Payments related to shared services arrangements	180,718	-	-
95	Payments to Juvenile Justice Alternative			
	Education Programs	3,994	-	-
99	Intergovernmental charges	685,849	-	-
TG	Total Governmental Activities	<u>118,128,424</u>	<u>2,281,931</u>	<u>18,832,459</u>
	Business-type activities			
35	Vending	84,332	101,825	-
TB	Total Business-Type Activities	<u>84,332</u>	<u>101,825</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 118,212,756</u>	<u>\$ 2,383,756</u>	<u>\$ 18,832,459</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2022

Exhibit B-1
Page 2 of 2

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
		Governmental Activities	Business-type Activities	Total
	Primary government			
	Governmental activities:			
11	Instruction	\$ (43,422,549)	\$ -	\$ (43,422,549)
12	Instructional resources and media services	(599,527)	-	(599,527)
13	Curriculum and staff development	(1,508,674)	-	(1,508,674)
21	Instructional leadership	(1,335,038)	-	(1,335,038)
23	School leadership	(4,010,554)	-	(4,010,554)
31	Guidance, counseling, and evaluation services	(2,794,202)	-	(2,794,202)
32	Social work services	(41,697)	-	(41,697)
33	Health services	936,708	-	936,708
34	Student transportation	(4,961,277)	-	(4,961,277)
35	Food service	1,519,152	-	1,519,152
36	Extracurricular activities	(1,954,529)	-	(1,954,529)
41	General administration	(2,980,403)	-	(2,980,403)
51	Facilities maintenance and operations	(7,182,774)	-	(7,182,774)
52	Security and monitoring services	(758,445)	-	(758,445)
53	Data processing services	(2,527,010)	-	(2,527,010)
61	Community services	8,343	-	8,343
72	Interest on long-term debt	(12,319,708)	-	(12,319,708)
73	Bond issuance costs and fees	(68,453)	-	(68,453)
81	Facilities maintenance and repairs	(12,142,836)	-	(12,142,836)
93	Payments related to shared services arrangements	(180,718)	-	(180,718)
95	Payments to Juvenile Justice Alternative Education Programs	(3,994)	-	(3,994)
99	Intergovernmental charges	(685,849)	-	(685,849)
TG	Total Governmental Activities	(97,014,034)	-	(97,014,034)
	Business-type activities			
35	Vending	-	17,493	17,493
TB	Total Business-Type Activities	-	17,493	17,493
TP	Total Primary Government	(97,014,034)	17,493	(96,996,541)
	General revenues			
	Taxes:			
MT	Property Taxes, Levied for General Purposes	45,479,262	-	45,479,262
DT	Property Taxes, Levied for Debt Service	22,635,143	-	22,635,143
SF	State Aid - Formula Grants	32,519,137	-	32,519,137
IE	Investment Earnings	1,026,736	-	1,026,736
EXT	Extraordinary item - disaster recovery	471,508	-	471,508
SI	Special item - gain on sale of asset	32,250	-	32,250
TR	Total General Revenues	102,164,036	-	102,164,036
CN	Change in net position	5,150,002	17,493	5,167,495
NB	Net Position - Beginning, Restated	8,420,100	(23,395)	8,396,705
NE	Net Position - Ending	\$ 13,570,102	\$ (5,902)	\$ 13,564,200

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2022

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and Cash Equivalents	\$ 17,571,640	\$ 19,712,808	\$ 93,094,502
1120	Current Investments	-	2,183,433	-
	Receivables:			
1220	Delinquent Property Taxes Receivables	3,339,134	1,461,644	-
1230	Allowance for Uncollectible Taxes (Credit)	(59,624)	(24,266)	-
1240	Receivables from Other Governments	4,143,055	-	-
1260	Due from Other Funds	3,220,681	-	-
1290	Other Receivables	6,180	-	-
1410	Prepaid Items	373,224	-	813
1000	Total Assets	\$ 28,594,290	\$ 23,333,619	\$ 93,095,315
Liabilities, Deferred Inflows, and Fund Balances				
	Liabilities:			
2110	Accounts Payable	\$ 1,086,843	\$ 127,607	\$ 23,231,006
2160	Accrued Wages Payable	4,387,505	-	1,203
2170	Due to Other Funds	-	-	139
2180	Payable to Other Governments	31,616	-	-
2300	Unearned Revenues	27,611	-	-
2000	Total Liabilities	5,533,575	127,607	23,232,348
	Deferred Inflows of Resources			
	Deferred Inflows - Property Taxes	3,279,510	1,437,379	-
2600	Total Deferred Inflows of Resources	3,279,510	1,437,379	-
	Fund Balances:			
	Non-Spendable:			
3430	Prepaid Items	373,224	-	-
	Restricted:			
3450	Federal/State Funds Grant Restrictions	-	-	-
3470	Capital Acquisitions And Contractual Oblig.	-	-	69,862,967
3480	Debt Service	-	21,768,633	-
	Committed:			
3545	Campus activities	-	-	-
3600	Unassigned	19,407,981	-	-
3000	Total Fund Balances	19,781,205	21,768,633	69,862,967
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 28,594,290	\$ 23,333,619	\$ 93,095,315

WALLER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
August 31, 2022

Exhibit C-1
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
	Assets		
1110	Cash and Cash Equivalents	\$ 3,245,619	\$ 133,624,569
1120	Current Investments	-	2,183,433
	Receivables:		
1220	Delinquent Property Taxes Receivables	-	4,800,778
1230	Allowance for Uncollectible Taxes (Credit)	-	(83,890)
1240	Receivables from Other Governments	3,672,070	7,815,125
1260	Due from Other Funds	-	3,220,681
1290	Other Receivables	-	6,180
1410	Prepaid Items	28,078	402,115
1000	Total Assets	\$ 6,945,767	\$ 151,968,991
	Liabilities, Deferred Inflows, and Fund Balances		
	Liabilities:		
2110	Accounts Payable	\$ 449,115	\$ 24,894,571
2160	Accrued Wages Payable	364,945	4,753,653
2170	Due to Other Funds	3,220,542	3,220,681
2180	Payable to Other Governments	-	31,616
2300	Unearned Revenues	-	27,611
2000	Total Liabilities	4,034,602	32,928,132
	Deferred Inflows of Resources		
	Deferred Inflows - Property Taxes	-	4,716,889
2600	Total Deferred Inflows of Resources	-	4,716,889
	Fund Balances:		
	Non-Spendable:		
3430	Prepaid Items	19,722	392,946
	Restricted:		
3450	Federal/State Funds Grant Restrictions	2,546,442	2,546,442
3470	Capital Acquisitions And Contractual Oblig.	-	69,862,967
3480	Debt Service	-	21,768,633
	Committed:		
3545	Other Committed	364,723	364,723
3600	Unassigned	(19,722)	19,388,259
3000	Total Fund Balances	2,911,165	114,323,970
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 6,945,767	\$ 151,968,991



WALLER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
August 31, 2022

Exhibit C-2

Data Control Codes	Total Fund Balance, Governmental Funds	
		\$ 114,323,970
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable.	348,415,156
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	4,716,889
3	Deferred charge on refunding	2,150,837
4	Deferred outflows relating to pension activities	9,263,062
5	Deferred outflows relating to other-post employment benefit	9,970,601
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(366,040,000)
7	Premiums on issuance	(41,677,276)
8	Leases payable	(82,342)
9	Accrued compensated absences	(69,164)
10	Net pension liability	(12,039,811)
11	Net other-post employment benefit liability	(24,632,785)
12	Accrued interest payable	(598,723)
13	Deferred inflows relating to pension activities	(12,996,943)
14	Deferred inflows relating to other-post employment benefit	(17,133,369)
19	Net Position of Governmental Activities	<u><u>\$ 13,570,102</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local and Intermediate Sources	\$ 46,686,753	\$ 22,669,133	\$ 832,211
5800	State Program Revenues	36,644,274	93,637	-
5900	Federal Program Revenues	4,064,373	-	-
5020	Total Revenues	87,395,400	22,762,770	832,211
Expenditures				
Current:				
0011	Instruction	45,863,800	-	-
0012	Instruction Resources and Media Services	601,913	-	-
0013	Curriculum and Staff Development	1,644,813	-	-
0021	Instructional Leadership	1,332,308	-	-
0023	School Leadership	3,910,984	-	-
0031	Guidance, Counseling and Evaluation Services	2,918,962	-	-
0032	Social Work Services	38,275	-	-
0033	Health Services	490,721	-	-
0034	Student Transportation	4,758,300	-	1,480,912
0035	Food Services	-	-	-
0036	Extracurricular Activities	2,025,155	-	114,055
0041	General Administration	2,921,814	-	-
0051	Facilities Maintenance and Operations	7,070,927	-	273,301
0052	Security and Monitoring Services	709,475	-	-
0053	Data Processing Services	2,455,254	-	-
0061	Community Services	3,531	-	-
Debt Service:				
0071	Principal on Long-Term Debt	21,379	11,330,000	-
0072	Interest on Long-Term Debt	6,890	13,985,488	-
0073	Bond Issuance Costs and Fees	-	68,453	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	11,494	-	95,926,790
Intergovernmental:				
0093	Payments Related To Shared Services Arrangements	180,718	-	-
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	3,994	-	-
0099	Other Intergovernmental Charges	685,849	-	-
6030	Total Expenditures	77,656,556	25,383,941	97,795,058
1100	Excess (Deficiency) of Revenues Over Expenditures	9,738,844	(2,621,171)	(96,962,847)
Other Financing Sources (Uses):				
7912	Sale Of Real Or Personal Property	32,250	-	-
7913	Proceeds From Leases	28,305	-	-
8949	Property Tax Refunds	(163,961)	(67,864)	-
7080	Total Other Financing Sources (Uses)	(103,406)	(67,864)	-
Extraordinary Items				
7919	Extraordinary Items (Source) - Disaster Recovery	1,058,641	-	-
8913	Extraordinary Items (Use) - Disaster Recovery	(587,133)	-	-
	Total Extraordinary Items	471,508	-	-
1200	Net Change In Fund Balances	10,106,946	(2,689,035)	(96,962,847)
0100	Fund Balance - September 1 (Beginning), restated	9,674,259	24,457,668	166,825,814
3000	Fund Balance - August 31 (Ending)	\$ 19,781,205	\$ 21,768,633	\$ 69,862,967

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit C-3
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local and Intermediate Sources	\$ 1,104,858	\$ 71,292,955
5800	State Program Revenues	519,714	37,257,625
5900	Federal Program Revenues	15,403,905	19,468,278
5020	Total Revenues	17,028,477	128,018,858
Expenditures			
Current:			
0011	Instruction	6,282,666	52,146,466
0012	Instruction Resources and Media Services	79,765	681,678
0013	Curriculum and Staff Development	1,233,311	2,878,124
0021	Instructional Leadership	167,687	1,499,995
0023	School Leadership	99,665	4,010,649
0031	Guidance, Counseling and Evaluation Services	1,297,989	4,216,951
0032	Social Work Services	17,380	55,655
0033	Health Services	114,833	605,554
0034	Student Transportation	103,688	6,342,900
0035	Food Services	4,769,440	4,769,440
0036	Extracurricular Activities	635,633	2,774,843
0041	General Administration	38,327	2,960,141
0051	Facilities Maintenance and Operations	271,921	7,616,149
0052	Security and Monitoring Services	41,906	751,381
0053	Data Processing Services	298,235	2,753,489
0061	Community Services	105,971	109,502
Debt Service:			
0071	Principal on Long-Term Debt	-	11,351,379
0072	Interest on Long-Term Debt	-	13,992,378
0073	Bond Issuance Costs and Fees	-	68,453
Capital Outlay:			
0081	Facilities Acquisition and Construction	3,364	95,941,648
Intergovernmental:			
0093	Payments Related To Shared Services Arrangements	-	180,718
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	-	3,994
0099	Other Intergovernmental Charges	-	685,849
6030	Total Expenditures	15,561,781	216,397,336
1100	Excess (Deficiency) of Revenues Over Expenditures	1,466,696	(88,378,478)
Other Financing Sources (Uses):			
7912	Sale Of Real Or Personal Property	-	32,250
7913	Proceeds From Leases	-	28,305
8949	Property Tax Refunds	-	(231,825)
7080	Total Other Financing Sources (Uses)	-	(171,270)
Special Item			
7919	Extraordinary Items (Source)	-	1,058,641
8913	Extraordinary Items (Use)	-	(587,133)
		-	471,508
1200	Net Change In Fund Balances	1,466,696	(88,078,240)
0100	Fund Balance - September 1 (Beginning), restated	1,444,469	202,402,210
3000	Fund Balance - August 31 (Ending)	\$ 2,911,165	\$ 114,323,970

WALLER INDEPENDENT SCHOOL DISTRICT**Exhibit C-4**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2022**

**Data
Control
Codes**

Net Change in Fund Balances - Total Governmental Funds \$ (88,078,240)

Amounts reported for governmental activities in the statement of activities (B-1) are different because:

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 as depreciation and amortization expense.

1	Capitalized expenditures reclassified to assets.	85,837,050
2	Depreciation and amortization expense taken to Statement of Activities.	(6,166,158)
3	Net effect of other retirements and adjustments to capital assets	(719,428)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	361,942

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

5	Principal paid on bonds and leases	11,351,379
6	Issuance of leases	(28,305)

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:

7	Increase in interest payable not recognized in the fund statements	18,683
8	Increase in accrued compensated absences payable	(69,164)
9	Amortization of premium/discount	2,177,641
10	Amortization of deferred charge on refunding	(617,291)
11	Changes in net pension liabilities and related deferred outflows and inflows of resources	668,919
12	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	412,974

Change in Net Position of Governmental Activities \$ 5,150,002

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2022

Exhibit D-1

	Business-type Activities
	Enterprise Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,069
Total assets	<u>1,069</u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 6,816
Accrued Expenses	<u>155</u>
Total Liabilities	<u>6,971</u>
Net Position	
Unrestricted	<u>(5,902)</u>
Total Net Position	<u><u>\$ (5,902)</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended August 31, 2022

Exhibit D-2

	<u>Business-type Activities</u>
	<u>Enterprise Fund</u>
Operating Revenues	
Local and Intermediate Sources	\$ 101,825
Total Operating Revenues	<u>101,825</u>
Operating Expenses	
Payroll Costs	12,233
Supplies and Materials	<u>72,099</u>
Total Operating Expenses	<u>84,332</u>
Operating Income (Loss)	<u>17,493</u>
Net Position (Deficit) - September 1 (Beginning)	<u>(23,395)</u>
Net Position (Deficit) - August 31 (Ending)	<u><u>\$ (5,902)</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2022

Exhibit D-3

	Business-type Activities
	Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from User Charges	\$ 101,825
Cash Payments for Suppliers	(100,756)
Net Cash Provided by Operating Activities	<u>1,069</u>
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,069</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 17,493
Change in Assets and Liabilities:	
Decrease (increase) in accounts payable	5,353
Decrease (increase) in accrued liabilities	155
Decrease (increase) in interfund payables	(21,932)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,069</u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
August 31, 2022

Exhibit E-1

	Custodial Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 235,156
Total Assets	<u><u>\$ 235,156</u></u>
Net Position	
Restricted for student activities	<u><u>\$ 235,156</u></u>

WALLER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended August 31, 2022

Exhibit E-2

	Custodial Fund
Additions	
Revenues from student activities	\$ 405,651
Total Additions	<u>405,651</u>
Deductions	
Payments for student activities	<u>373,201</u>
Total Deductions	<u>373,201</u>
Change in net position	32,450
Net Position - Beginning, restated	<u>202,706</u>
Net Position - Ending	<u><u>\$ 235,156</u></u>



Note 1 - Summary of Significant Accounting Policies

The Waller Independent School District (the "District") is an independent public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by the registered voters of the District and has fiscal accountability over all activities within the jurisdiction of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement of Auditing Standards of the American Institute of Certified Public Accountants; 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.

The following is a summary of the most significant accounting policies.

A. Reporting Entity

The District's Board has 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 it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. 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 judgement for the lawfulexercise of those powers and duties by the Board. The District receives funding from local, state, and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Waller Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to or due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to or due from on the government-wide Statement of Net Position.

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

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

The District reports the following major governmental funds:

- *General Fund* - The District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Debt Service Fund* - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- *Capital Projects Fund* - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Additionally, the District reports the following fund type:

Governmental Funds:

- *Special Revenue Funds* - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- *Enterprise Funds* - The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has one enterprise fund.
- *Internal Service Funds* - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

- *Private Purpose Trust Funds* - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Funds.
- *Custodial Fund* - The District accounts for resources held for others in a custodial fund. This fund uses the economic resources measurement focus and accrual basis. The District's Custodial Fund is the Student Activity Fund.

D. Implementation of New Accounting Standards

The following GASB pronouncements were effective during fiscal year 2022.

GASB Statement No. 87 *Leases* was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has evaluated the effects of this Statement and has determined that it does impact to the financial statements. The District has incorporated such leases into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB Statement No. 89 *Accounting for Interest Cost Incurred before the end of a Construction Period*, was issued in June 2018 and was effective for periods beginning after December 15, 2020. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost was incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement should be handled prospectively. The District has evaluated the effects of this Statement and has determined that it does not impact the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Implementation of New Accounting Standards (continued)

GASB Statement No. 93 *Replacement of Interbank Offered Rates* was issued in June 2020 and had various effective dates. The Statement establishes accounting and financial reporting requirements related to the replacement of the interbank offered rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. During the current fiscal year paragraphs 13 and 14 were effective and pertained to lease modifications. The District has evaluated the effects of this standard and has determined that this Statement does not impact its financial statements.

GASB Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The District has evaluated the effects of this standard and has determined that this Statement does not impact to the financial statements.

GASB Statement No. 98 *The Annual Comprehensive Financial Report* in October 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of the Statement are effective for fiscal years ending after December 15, 2021. The District has evaluated the effects of this standard and has determined that this Statement does not impact its financial statements.

E. Deposits and Investments

For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents. For cash management purposes, the District transfers balances to either a money market mutual or an externally pooled investment account. The cash is transferred back to the District as needed.

Investments consist primarily of U.S. government agency securities, commercial paper, and municipal bonds. The District's investments are carried at fair value based on quoted market prices at year end, in accordance with U.S. generally accepted accounting principles. Investments having a maturity of three months or less are reported as cash and cash equivalents. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Note 1 - Summary of Significant Accounting Policies (continued)

F. Receivables and Payables

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

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

G. Inventories and Prepaid Items

Inventories consisting of supplies and materials are stated at cost (average cost method) and they include consumable custodial, maintenance, transportation, instructional and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities inventory are recorded at fair market value supplied by the Texas Department of Agriculture on the date received. Commodity inventory items are recorded as expenditures when distributed to individual campuses and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method of accounting.

H. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Buildings, furniture and equipment, and right-to-use asset of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Buildings and improvements	20 - 40
Vehicles	10
Office Equipment	5 - 25
Computer Equipment	5 - 25
Right-to-use leased equipment	3 - 5

Note 1 - Summary of Significant Accounting Policies (continued)

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount.

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

J. Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred outflows of resources for refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows of resources for pension* - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

Note 1 - Summary of Significant Accounting Policies (continued)

J. Deferred Outflows/Inflows of Resources (continued)

- *Deferred outflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of net OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

A *deferred inflow of resources* is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred inflows of resources for unavailable revenues* - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.
- *Deferred inflows of resources for pension* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments, 2) changes in actuarial assumptions, 3) differences between expected and actual actuarial experiences, and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for other post-employment benefits (OPEB)* - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions, 2) differences between expected and actual actuarial experiences, and 3) changes in the District's proportional share of net OPEB liabilities. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the plan.

K. Pension

The fiduciary net position of TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and information about assets, liabilities, and additions to/deductions from TRS' 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.

Note 1 - Summary of Significant Accounting Policies (continued)

L. Other Post-Employment Benefits (OPEB)

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

M. Compensated Absences

Eligible employees in positions normally requiring 12 months of service annually shall receive paid vacation days in accordance with administrative regulations that address the following:

- Eligibility criteria;
- Accrual rates and availability;
- Request and approval processes;
- Accumulation and carryover limits; and
- Treatment of vacation days upon separation from service.

N. Fund Balance Classifications

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- *Non-spendable fund balance* - Represents amounts that are not in spendable form, such as inventory and prepaids, or are required to be maintained intact.
- *Restricted fund balance* - Represents amounts constrained to specific purposes by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
- *Committed fund balance* - Represents 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's Board of Trustees approves the changes by Board Resolution. Fund balance committed in the nonmajor governmental funds during the fiscal year is committed for campus activities.
- *Assigned fund balance* - Represents amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority.
- *Unassigned fund balance* - Represents amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District uses the restricted assets first whenever they will have to be returned if they are not used.

Note 1 - Summary of Significant Accounting Policies (continued)

O. Deficit Fund Balance or Net Position

Enterprise fund/business-type activities has a deficit fund balance/net position in the amount of \$5,902. The District expects to eliminate this deficit from future revenues.

P. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.

Q. Use of Estimates

The presentation 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

R. Stewardship, Compliance, and Accountability

Budgetary Data

The Board of Trustees adopts an appropriated budget for the General Fund, Debt Service Fund, and the Food Service Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds and then compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in the Required Supplementary Information and the Debt Service Fund and the Food Service Fund Budget reports are presented in Exhibits J-3 and J-2, respectively.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The appropriated budgets are prepared by fund and function. Once the budgets have been approved, they can only be amended at the fund and function level by approval of a majority of the members of the Board. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Within each fund-level budget, campus and district leaders are assigned expenditure budgets which they plan and control at the function/object level. All budget appropriations lapse at year end. Increasing or decreasing any one of the functional spending categories, or revenue object accounts and other resources require the approval of the Board. The District made several supplemental budgetary revisions throughout the year, primarily in the general fund. Expenditures in function 71 and 72 exceeded budgeted amounts by approximately \$21,379 and \$6,890, respectively. These amounts were for reclassification of lease payments to principal and interest payments due to the implementation of GASB No. 87, Leases.

Note 1 - Summary of Significant Accounting Policies (continued)

S. Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability 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 lease payments made. The lease asset is initially 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. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

The District monitors changes in circumstances that would require a measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 2 - Deposits and Investments

A. Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. At August 31, 2022, the carrying amount of the District's cash deposits (cash and interest-bearing accounts) was \$1,881,541 and the bank balance was \$3,131,407. The District's cash deposits at August 31, 2022 were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

B. Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas

Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Waller Independent School District is in substantial compliance with the requirements of the Act and with local policies. Additional policies and contractual provisions governing investments for Waller Independent School District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2022, the district's investments were rated AAA.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Note 2 - Deposits and Investments (continued)

B. Investments (continued)

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds, and fiduciary fund types than they are in the primary government. Usually, this limitation is 20%.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District does not have a formal investment policy that limits investment maturities as means of managing exposure to fair value losses arising from increasing interest rates.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of August 31, 2022, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	Carrying Value	Weighted Average Maturity (Days)	Credit Rating
Governmental Activities			
Cash and deposits	\$ 1,645,316	N/A	N/A
Certificates of deposit	2,183,433	229	N/A
Investment Pools			
Lone Star Corporate Overnight Plus Fund	127,851,996	65	AAA
Lone Star Government Overnight Fund	4,127,257	87	AAA
	<u>131,979,253</u>		
Total Investments	<u>134,162,686</u>	68	
Total Governmental Activities	<u>135,808,002</u>		
Business-type Activities:			
Cash and deposits	1,069	N/A	N/A
Total Business-type Activities	<u>1,069</u>		
Fiduciary Funds			
Cash and deposits	235,156	N/A	N/A
Total Fiduciary Funds	<u>235,156</u>		
Total	<u>\$ 136,044,227</u>		

Note 3 - Receivables and Unearned Revenues

Receivables as of August 31, 2022, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Governmental activities				
Property Taxes	\$ 3,339,134	\$ 1,461,644	\$ -	\$ 4,800,778
Due from other governments	4,143,055	-	3,672,070	7,815,125
Other Receivables	6,180	-	-	6,180
Gross receivables	7,488,369	1,461,644	3,672,070	12,622,083
Less: Allowance for doubtful accounts	(59,624)	(24,266)	-	(83,890)
Net total governmental activities	<u>7,428,745</u>	<u>1,437,378</u>	<u>3,672,070</u>	<u>12,538,193</u>
Net total receivables	<u>\$ 7,428,745</u>	<u>\$ 1,437,378</u>	<u>\$ 3,672,070</u>	<u>\$ 12,538,193</u>

Unearned revenue at year end consisted of the following:

	<u>State Entitlements</u>
General fund	\$ 27,611
Total Unearned revenue	<u>\$ 27,611</u>

Note 4 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The District did not make any transfers for the fiscal year ended August 31, 2022.

As of August 31, 2022, the District's interfund balances were as follows:

	<u>Receivable Fund</u>	
<u>Payable Fund</u>	<u>General Fund</u>	<u>Total</u>
Nonmajor Governmental Funds	\$ 3,220,542	\$ 3,220,542
Capital Projects Fund	139	139
Total	<u>\$ 3,220,681</u>	<u>\$ 3,220,681</u>

Note 5 - Capital Assets

Capital asset activity for the governmental activities of the District for the year ended August 31, 2022, are as follows:

	Balance September 1, 2021 as restated	Additions	(Transfers, Adjustments, and Retirements)	August 31, 2022
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 15,152,974	\$ -	\$ -	\$ 15,152,974
Construction in progress	119,613,832	33,164,533	(118,451,483)	34,326,882
Total Capital assets, not being depreciated/amortized	134,766,806	33,164,533	(118,451,483)	49,479,856
Capital assets, being depreciated/amortized:				
Buildings & Improvements	175,183,286	168,425,274	(1,304,762)	342,303,798
Furniture & Equipment	7,427,657	941,107	(764,274)	7,604,490
Vehicles	12,146,916	1,729,314	(1,504,524)	12,371,706
Right-to-use leased equipment	75,416	28,305	-	103,721
Total Capital assets, being depreciated/amortized	194,833,275	171,124,000	(3,573,560)	362,383,715
Less accumulated depreciation/amortization for:				
Buildings & Improvements	(48,175,697)	(4,601,473)	699,389	(52,077,781)
Furniture & Equipment	(3,546,364)	(601,503)	686,738	(3,461,129)
Vehicles	(8,414,328)	(938,991)	1,468,005	(7,885,314)
Right-to-use leased equipment	-	(24,191)	-	(24,191)
Total Accumulated depreciation/amortization	(60,136,389)	(6,166,158)	2,854,132	(63,448,415)
Governmental Capital Assets	\$ 269,463,692	\$ 198,122,375	\$ (119,170,911)	\$ 348,415,156

Depreciation and amortization expense of the governmental activities was charged to the functions/programs as follows:

Function	Depreciation and Amortization Expense
Governmental Activities:	
Instruction	\$ 3,684,255
Instructional resources and media services	48,171
Curriculum and staff development	131,779
Instructional leadership	107,212
School leadership	324,921
Guidance, counseling and evaluation services	233,603
Social work services	3,063
Health services	39,272
Student transportation	380,805
Extracurricular activities	162,072
General administration	233,832
Facilities maintenance and operations	563,618
Security and monitoring services	56,779
Data processing services	196,493
Community services	283
Total Governmental Activities	\$ 6,166,158

Construction Commitments

The District has active construction projects as of August 31, 2022 including renovations and site improvements. All accumulated resources for capital projects are restricted. At August 31, 2022, estimated construction commitments with contractors were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Waller Junior High	\$ 57,407,080	\$ 27,183,104	\$ 30,223,976
Renovation of Waller HS to Schultz Junior High	8,390,000	6,213,341	2,176,659
Renovation of Schultz JHS to Holleman ES	5,082,000	832,324	4,249,676
Roberts Road ES Security Vestibule	974,167	98,113	876,054
	\$ 71,853,247	\$ 34,326,882	\$ 37,526,365

Note 6 - Long-Term Liabilities

General Obligation Bonds

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in general long-term debt for the year ended August 31, 2022 is as follows:

Description	Original Issuance Amount	Interest Rate (%)	Balance 9/1/21 as restated	Increase	Decrease	Balance 8/31/22	Due in One Year
Refunding Bonds, Series 2012	\$ 9,180,000	2.00% to 3.00%	\$ 4,665,000	\$ -	\$ (4,665,000)	\$ -	\$ -
Refunding Bonds, Series 2013	5,525,000	3.00% to 3.50%	1,900,000	-	(1,275,000)	625,000	300,000
Refunding Bonds, Series 2014	8,500,000	3.00% to 4.00%	4,545,000	-	(1,455,000)	3,090,000	1,515,000
Refunding Bonds, Series 2015	7,180,000	4%	7,180,000	-	-	7,180,000	-
Building Bonds, Series 2016	93,545,000	2.50% to 5.00%	85,465,000	-	(1,530,000)	83,935,000	1,610,000
Building Bonds, Series 2020	205,805,000	2.00% to 5.00%	205,805,000	-	(2,405,000)	203,400,000	2,520,000
Building Bonds, Series 2020A	67,810,000	2.00% to 5.00%	67,810,000	-	-	67,810,000	1,390,000
Total			377,370,000	-	(11,330,000)	366,040,000	7,335,000
Other District Obligations:							
Premium on Bonds			43,854,917	-	(2,177,641)	41,677,276	-
Leases Payable			75,416	28,305	(21,379)	82,342	23,455
Compensated Absences			-	69,164	-	69,164	10,375
Total Other Obligations			43,930,333	97,469	(2,199,020)	41,828,782	33,830
Total District Obligations			\$ 421,300,333	\$ 97,469	\$ (13,529,020)	\$ 407,868,782	\$ 7,368,830

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022. Debt service requirements for bonds are as follows:

Year Ending August 31,	Principal	Interest	Totals
2023	\$ 7,335,000	\$ 13,597,826	\$ 20,932,826
2024	7,690,000	13,243,013	20,933,013
2025	7,755,000	12,875,650	20,630,650
2026	8,085,000	12,540,375	20,625,375
2027	8,415,000	12,198,725	20,613,725
2028-2032	55,185,000	53,867,525	109,052,525
2033-2037	68,240,000	40,808,225	109,048,225
2038-2042	73,185,000	28,687,950	101,872,950
2043-2047	82,970,000	15,051,295	98,021,295
2048-2052	47,180,000	2,416,910	49,596,910
	<u>\$ 366,040,000</u>	<u>\$ 205,287,494</u>	<u>\$ 571,327,494</u>

In April 2022, the Board authorized the defeasance and optional redemption of certain outstanding maturities of the District's outstanding Unlimited Tax Refunding Bonds, Series 2012 in the amount of \$3,945,000 and the Unlimited Tax Refunding Bonds, Series 2013 in the amount of \$985,000 (the "refunded bonds"). On April 14, 2022, there was a deposit to Escrow Fund in the amount of \$4,978,058.97 to defease \$4,930,000 of the refunded bonds.

Prior Year's Refunding of Long Term Debt

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At August 31, 2022, there are no defeased bonds outstanding.

Note 7 – Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Nonmajor Enterprise Fund
Property Taxes	\$ 45,473,224	\$ 22,511,064	\$ -	\$ -	\$ 67,984,288	\$ -
Tuition and Fees	86,361	-	-	-	86,361	-
Food Service Activity	-	-	-	236,334	236,334	101,825
Rent	62,092	-	-	-	62,092	-
Extracurricular Activities	128,725	-	-	-	128,725	-
Insurance Recovery	709,624	-	-	-	709,624	-
Investment Income	36,456	158,069	832,211	-	1,026,736	-
Donations and gifts	250	-	-	-	250	-
Local Grants	190,021	-	-	868,524	1,058,545	-
Total	\$ 46,686,753	\$ 22,669,133	\$ 832,211	\$ 1,104,858	\$ 71,292,955	\$ 101,825

Note 8 - Leases

In fiscal year 2022, the District reported several leases in accordance with GASB Statement No. 87 *Leases*. The District is the lessee for copiers and postage machines. The District's incremental borrowing rate used to calculate the present value of the lease liability was 7.5% from the financial institution. The ending lease liability as of August 31, 2022 was \$82,342. The District is required to make monthly payments of approximately \$3,662. The copiers and postage machines have a three-to five-year useful life.

The future principal and interest lease payments as of August 31, 2022, were as follows:

Year Ending	Principal	Interest	Totals
August 31			
2023	\$ 23,455	\$ 5,380	\$ 28,835
2024	25,276	3,559	28,835
2025	24,935	1,640	26,575
2026	8,113	320	8,433
2027	563	4	567
	<u>\$ 82,342</u>	<u>\$ 10,903</u>	<u>\$ 93,245</u>

Note 9 - 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>, selecting About TRS, then Publications, then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 postemployment 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.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

Note 9 - 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	
	Fiscal Year	
	2022	2021
Member (Employee)	8.00%	7.70%
Non-employer contributing agency (State)	7.75%	7.50%
District	7.75%	7.50%

	Fiscal Year 2022
Employer (District)	\$ 2,388,630
Employee (Member)	4,932,574
Non-employer Contributing Entity	
On-behalf Contributions (State)	3,210,185

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member's salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Note 9 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

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

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. These assumptions are further described the 2020 TRS ACFR, which includes actuarial valuation report dated November 9, 2020.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent. The projection of 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 projected future benefits payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. 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.

Note 9 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2021 are summarized below:

Asset Class¹	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Expected Return	100.00%		6.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2021 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2021.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	Discount Rate		
	1% Decrease	Current	1% Increase
	(6.25%)	(7.25%)	(8.25%)
District's proportional share of the net pension liability	\$ 26,308,898	\$ 12,039,811	\$ 463,250

Note 9 - Defined Benefit Pension Plan (continued)

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

At August 31, 2022, the District reported a liability of \$12,039,811 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	\$ 12,039,811
State's proportionate share that is associated with the District	19,414,825
Total	<u>\$ 31,454,636</u>

The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2022, the District's proportion of the collective net pension liability was 0.0473% which was a decrease of 0.0001% from its proportion measured as of August 31, 2020.

All future statutorily required contributions will be made from the General Fund.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$1,718,842. The District also recognized an additional on-behalf revenue and expense of \$77,618 representing for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,148	\$ (847,612)
Changes in assumptions	4,255,838	(1,855,180)
Net difference between projected and actual earnings on pension plan investments	-	(10,095,225)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,598,447	(198,926)
District contributions subsequent to the measurement date	2,388,629	-
Total	<u>\$ 9,263,062</u>	<u>\$ (12,996,943)</u>

Note 9 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$2,388,629 will be recognized as a reduction of the net pension liability in the year ended August 31, 2023. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2023	\$ (724,681)
2024	(770,656)
2025	(1,741,377)
2026	(2,826,058)
2027	(34,552)
Thereafter	(25,186)
	<u>\$ (6,122,510)</u>

Note 10 - Defined Other Post-Employment Benefit Plans

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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2021.pdf, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Benefits Provided (continued)

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

TRS-Care Monthly for Retirees			
	Medicare		Non-Medicare
Retiree or Surviving Spouse	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree or Surviving Spouse and Children		468	408
Retiree and Family		1,020	999

Contributions

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

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

	Contribution Rates	
	2022	2021
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Fiscal Year 2022
Employer (District)	\$ 544,668
Employee (Member)	400,768
Non-employer Contributing Entity	
On-behalf Contributions (State)	941,010

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation 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. In addition to the demographic assumptions, salary increases and inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation.

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Component	Result
Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.
Election Rates	Normal Retirement: 65 percent participation rate prior to age 65 and 40 percent participation rate after age 65. Pre-65 retirees: 25 percent are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Discount Rate

The plan is a pay-as-you-go plan. As such, a single discount rate must be used that is equal to the prevailing municipal bond rate. The single discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent, as of August 31, 2021. This change increased the Total OPEB Liability. The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, .95 percent or one percentage point higher, 2.95 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Discount Rate Sensitivity Analysis

Discount Rate – 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 (1.95%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (0.95%)	Current Rate (1.95%)	1% Increase (2.95%)
District's proportionate share of the Net OPEB Liability	\$ 29,712,815	\$ 24,632,785	\$ 20,634,636

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

At August 31, 2022, the District reported a liability of \$24,632,785 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	\$ 24,632,785
State's proportionate share that is associated with District	33,002,442
Total	<u>\$ 57,635,227</u>

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

At August 31, 2021, the District's proportion of the collective Net OPEB Liability was 0.0639% which was an increase of 0.0001% from its proportion measured as of August 31, 2020.

All future statutorily required contributions will be made from the General Fund.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

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

Healthcare Cost Trend Rates – The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 19,951,739	\$ 24,632,785	\$ 30,913,585

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized OPEB expense of \$131,697. The District also recognized negative on-behalf expense and revenue of \$1,218,042 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,060,558	\$ (11,923,991)
Changes in actuarial assumptions	2,728,370	(5,209,378)
Difference between projected and actual investment earnings	26,744	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,610,261	-
Contributions paid to TRS subsequent to the measurement date	544,668	-
Total	<u>\$ 9,970,601</u>	<u>\$ (17,133,369)</u>

The \$544,668 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending August 31, 2023. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2023	\$ (1,641,183)
2024	(1,641,786)
2025	(1,641,621)
2026	(993,225)
2027	(115,397)
Thereafter	(1,674,224)
	<u>\$ (7,707,436)</u>

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on-behalf of the District were \$245,505, \$272,780, and \$254,556, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 11 - Accumulated Unpaid Vacation and Sick Leave Benefits

The balance of accumulated unpaid vacation and sick leave at August 31, 2022 was \$69,164 and is presented as other long-term liabilities in the these financial statements.

Note 12 - Extraordinary Item – Disaster Recovery

During the fiscal year, District's facilities experienced damage due to frozen pipes and leaking roofs as the result of the historic winter weather event that occurred in February 2021. The extraordinary gain of \$471,508 is the net of insurance recovery in the amount of \$1,058,641 and the total expenditures of \$587,133.

Note 13 - Prior Period Adjustments

In the current year, the following corrections came to the attention of management that necessitated adjusting beginning fund balance/net position for the following activities. The effect of these corrections is summarized as follows:

	<u>Governmental Activities</u>	<u>Custodial Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Campus Activity Fund</u>
Fund Balance/Net position at August 31, 2021, as previously reported	\$ 8,186,399	\$ 436,407	\$ 1,210,768	\$ -
Prior period adjustment: GASB No. 84 correction	<u>233,701</u>	<u>(233,701)</u>	<u>233,701</u>	<u>233,701</u>
Fund Balance/Net position at September 1, 2021, as restated	<u>\$ 8,420,100</u>	<u>\$ 202,706</u>	<u>\$ 1,444,469</u>	<u>\$ 233,701</u>



REQUIRED SUPPLEMENTARY INFORMATION

WALLER INDEPENDENT SCHOOL DISTRICT
Exhibit G-1
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended August 31, 2022**

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local revenues	\$ 46,111,562	\$ 46,883,307	\$ 46,686,753	\$ (196,554)
5800	State program revenues	31,347,533	36,085,913	36,644,274	558,361
5900	Federal program revenues	1,123,018	4,113,992	4,064,373	(49,619)
5000	Total revenues	78,582,113	87,083,212	87,395,400	312,188
Expenditures					
Current:					
0011	Instruction	46,955,625	46,195,785	45,863,800	331,985
0012	Instructional resources and media services	621,306	626,609	601,913	24,696
0013	Curriculum and staff development	1,372,217	1,844,073	1,644,813	199,260
0021	Instructional leadership	1,533,621	1,383,974	1,332,308	51,666
0023	School leadership	3,724,761	3,991,982	3,910,984	80,998
0031	Guidance, counseling and evaluation services	2,929,143	2,991,102	2,918,962	72,140
0032	Social work services	42,000	42,807	38,275	4,532
0033	Health services	449,837	503,622	490,721	12,901
0034	Student transportation	3,156,516	4,761,581	4,758,300	3,281
0036	Extracurricular activities	2,000,050	2,086,271	2,025,155	61,116
0041	General administration	2,971,837	3,184,920	2,921,814	263,106
0051	Facilities maintenance and operations	6,706,042	7,178,893	7,070,927	107,966
0052	Security and monitoring services	674,909	720,740	709,475	11,265
0053	Data processing services	3,050,971	2,643,042	2,455,254	187,788
0061	Community services	10,100	8,682	3,531	5,151
Debt Service:					
0071	Principal on long-term debt	-	-	21,379	(21,379)
0072	Interest on long-term debt	-	-	6,890	(6,890)
Capital Outlay:					
0081	Capital Outlay	14,217	14,216	11,494	2,722
Intergovernmental:					
0099	Other governmental charges	740,657	740,657	685,849	54,808
6030	Total Expenditures	76,953,809	79,121,956	77,656,556	1,465,400
1100	Excess (deficiency) of revenues over expenditures	1,628,304	7,961,256	9,738,844	1,777,588
Other Financing Sources (Uses):					
7912	Sale of real or personal property	-	32,250	32,250	-
7913	Proceeds From Leases	-	-	28,305	28,305
8949	Property Tax Refunds	-	(396,391)	(163,961)	232,430
7080	Total other financing sources (uses)	-	(364,141)	(103,406)	260,735
Extraordinary Items					
7919	Extraordinary Items (Source) - Disaster Recovery	-	1,058,641	1,058,641	-
8913	Extraordinary Items (Use) - Disaster Recovery	-	(605,000)	(587,133)	17,867
1200	Net change in fund balances	1,628,304	8,050,756	10,106,946	2,056,190
0100	Fund Balance - September 1 Beginning	9,674,259	9,674,259	9,674,259	-
3000	Fund Balance - August 31 Ending	\$ 11,302,563	\$ 17,725,015	\$ 19,781,205	\$ 2,056,190

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Eight Measurement Years

Exhibit G-2

	2021	2020	2019	2018
District's proportion of the net pension liability	0.0473%	0.0474%	0.0448%	0.0432%
District's proportionate share of the net pension liability	\$ 12,039,811	\$ 25,368,794	\$ 23,286,614	\$ 23,783,872
State's proportionate share of the net pension liability associated with the District	19,414,825	41,071,207	36,991,861	36,752,043
Total	\$ 31,454,636	\$ 66,440,001	\$ 60,278,475	\$ 60,535,915
District's covered payroll (for Measurement Year)	\$ 60,160,603	\$ 59,159,804	\$ 59,154,222	\$ 51,646,430
District's proportionate share of the net pension liability as a percentage of covered payroll	20.01%	42.88%	39.37%	46.05%
Plan fiduciary net position as a percentage of the total pension liability *	88.79%	75.54%	75.24%	73.74%
Plan's net pension liability as a percentage of covered payroll *	51.08%	110.36%	114.93%	126.11%

	2017	2016	2015	2014
District's proportion of the net pension liability	0.0324%	0.0342%	0.0356%	0.0221%
District's proportionate share of the net pension liability	\$ 10,372,858	\$ 12,939,423	\$ 12,566,876	\$ 2,878,080
State's proportionate share of the net pension liability associated with the District	22,878,550	25,196,619	22,640,492	18,567,648
Total	\$ 33,251,408	\$ 38,136,042	\$ 35,207,368	\$ 21,445,728
District's covered payroll (for Measurement Year)	\$ 41,945,655	\$ 39,372,795	\$ 37,946,786	\$ 35,347,051
District's proportionate share of the net pension liability as a percentage of covered payroll	24.73%	32.86%	33.12%	16.63%
Plan fiduciary net position as a percentage of the total pension liability *	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	75.93%	92.75%	91.94%	72.89%

The amounts presented are for each Plan year which ends the preceding August 31 of the District's fiscal year.

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2014.
Net Pension Liability and related ratios will be presented prospectively as data becomes available

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Nine Fiscal Years Ended August 31

Exhibit G-3

	2022	2021	2020	2019	
Contractually required contributions	\$ 2,388,630	\$ 2,018,408	\$ 1,258,220	\$ 1,566,775	
Contributions in relation to the contractually required contributions	2,388,630	2,018,408	1,258,220	1,566,775	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 61,662,561	\$ 60,160,603	\$ 59,154,222	\$ 51,646,430	
Contributions as a percentage of covered payroll	3.87%	3.36%	2.13%	3.03%	
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,454,019	\$ 1,063,224	\$ 1,087,945	\$ 1,052,686	\$ 557,911
Contributions in relation to the contractually required contributions	1,454,019	1,063,224	1,087,945	1,052,686	557,911
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 46,817,623	\$ 41,945,655	\$ 39,372,795	\$ 37,946,786	\$ 35,347,051
Contributions as a percentage of covered payroll	3.11%	2.53%	2.76%	2.77%	1.58%

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2014.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Five Measurement Years

Exhibit G-4

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.0639%	0.0638%	0.0599%	0.0566%
District's proportionate share of the net OPEB liability	\$ 24,632,785	\$ 24,255,083	\$ 28,347,753	\$ 28,278,913
State's proportionate share of the net OPEB liability associated with the District	33,002,442	32,593,017	37,667,824	39,998,365
Total	<u>\$ 57,635,227</u>	<u>\$ 56,848,100</u>	<u>\$ 66,015,577</u>	<u>\$ 68,277,278</u>
District's covered payroll (for Measurement Year)	\$ 60,160,603	\$ 59,159,804	\$ 59,154,222	\$ 51,646,430
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.95%	41.00%	47.92%	54.75%
Plan fiduciary net position as a percentage of the total OPEB liability *	6.18%	4.99%	2.66%	1.57%
Plan's net OPEB liability as a percentage of covered payroll *	100.13%	101.46%	135.21%	146.64%
	2017			
District's proportion of the net OPEB liability	0.0005%			
District's proportionate share of the net OPEB liability	\$ 21,700,169			
State's proportionate share of the net OPEB liability associated with the District	32,940,792			
Total	<u>\$ 54,640,961</u>			
District's covered payroll (for Measurement Year)	\$ 41,945,655			
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	51.73%			
Plan fiduciary net position as a percentage of the total OPEB liability *	0.91%			
Plan's net OPEB liability as a percentage of covered payroll *	132.55%			

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2017.
Net OPEB Liability and related ratios will be presented prospectively as data becomes available

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report.

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Five Fiscal Years Ended August 31

Exhibit G-5

	2022	2021	2020	2019
Contractually required contributions	\$ 544,668	\$ 498,871	\$ 443,703	\$ 424,896
Contributions in relation to the contractually required contributions	544,668	498,871	443,703	424,896
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 61,662,561	\$ 60,160,603	\$ 59,154,222	\$ 51,646,431
Contributions as a percentage of covered payroll	0.88%	0.83%	0.75%	0.82%
	2018			
Contractually required contributions	\$ 391,237			
Contributions in relation to the contractually required contributions	391,237			
Contribution deficiency (excess)	<u>\$ -</u>			
District's covered payroll	\$ 46,817,623			
Contributions as a percentage of covered payroll	0.84%			

Note: Ten years of data should be presented in this schedule, but data is unavailable prior to 2018.

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

A. Notes to Schedules for the TRS Pension

Changes of Assumptions

The single discount rate as of August 31, 2021 was 7.25 percent, which is the same rate as of August 31, 2020.

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

WALLER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (continued)

B. Notes to Schedules for the TRS OPEB Plan

Changes of Assumptions

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

- The discount rate was 1.95 percent, 2.33 percent, and 2.63 percent as of August 31, 2021, August 31, 2020, and August 31, 2019, respectively.
- During measurement year 2020, the participation rate for post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB Liability.
- During measurement year 2020, the ultimate health care trend rate assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.
- During measurement year 2019, the health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
- During measurement year 2019, the participation rate for pre-65 retirees was lowered from 70 percent to 65 percent.
- The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
- During measurement year 2019, the percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.

Changes in Benefit Terms

There were no changes in benefit terms in the 2021 measurement year.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

ESEA Stands For: Elementary Secondary Education Act

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
211	ESEA, Title I, Pt A - Improving Basic Education - program is used to account for funds to help LEAs improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.
224	IDEA, Part B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.
225	IDEA, Part B - Preschool - aids preschool students with disabilities.
240	Child Nutrition - fund used to account for food services in a special revenue fund when the service is subsidized with federal reimbursement revenues from the USDA.
244	Career and Technical Education - funds are used to account for funds granted to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.
255	ESEA, Title II, Part A - Supporting Effective Instruction - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	ESEA, Title III, Part A - BIL/ESL -helps to ensure that children who are limited English proficient, including immigrant children and youth, attain English proficiency, develop high levels of academic attainment in English, and meet the same challenging State academic content and student academic achievement standards as all children are expected to meet
279	TCLAS ESSER III - Texas COVID Learning Acceleration Supports (TCLAS) is used to account for funds granted for targeted supports to assist LEAs to accelerate student learning due to learning loss caused by the COVID-19 pandemic.
280	American Rescue Plan (ARP), Homeless I - Texas Education for the Homeless Children and Youth Supplemental - accounts for funding to increase capacity to identify, enroll, and provide wraparound services to address the unique needs of homeless children and youth due to the impact of the coronavirus pandemic.
281	Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - funds used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support an LEA's ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.
282	ESSER III of the American Rescue Plan Act of 2021 - used to account for federal stimulus ESSER III funds granted to LEAs through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
284	IDEA – Part B, Formula-ARP - accounts for funding through the ARP Act for programs focused on special education and related services to children with disabilities ages 3-21.
285	IDEA – Part B, Preschool-ARP - accounts for funding through the ARP Act for programs focused on special education and related services to preschool children with disabilities.
287	Emergency Connectivity Fund - The FCC's Emergency Connectivity Fund (ECF) will help schools and libraries provide the tools and services their communities need for remote learning during the COVID-19 emergency period.
288	LEP Summer School - to account, on a project basis, for funds received from the U.S. Department of Education, passed through the State Department of Education, for summer school programs for Limited English Proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year
289	Title IV Part A - refers to Student Support and Academic Enrichment and fund are use to provide all students access to a well-rounded education, improve academic outcomes by maintaining safe and healthy students, and improve the use of technology to advance student academic achievement.
385	State Supplemental Visually Impaired (SSVI) - to account for funds received from the State Department of Education, passed through Region IV Education Service Center, to provide educational and related services for students with visual impairments.
397	Advanced Placement Incentives - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
410	State Instructional Materials Fund - provides funds to purchase instructional materials, technological equipment and technology-related services.
429	Safety and Security Grant - provides funding to public schools for additional safety and security equipment (campus hardening).
461	Campus Activity - accounts for transactions related to a principal's activity fund that are not subject to recall by the District's Board of Trustees into the general fund.
481	Tri County Health Alliance - grant award for the purchase of clinic supplies and clinic equipment for all eight campus clinics.
499	Miscellaneous Donations/Grants - funds are used to account for funds donated or awarded by local sources for various organizations within the District.

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 1 of 6

		211	224	225	240
Data Control Codes		ESEA, Title I, Pt A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool	Child Nutrition
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,736,750
1240	Receivables from other governments	195,494	301,243	1,232	178,636
1410	Prepaid items	1,996	5,118	-	8,356
1000	Total Assets	<u>\$ 197,490</u>	<u>\$ 306,361</u>	<u>\$ 1,232</u>	<u>\$ 2,923,742</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ 2,665	\$ 1,000	\$ 373,648
2160	Accrued wages payable	60,037	96,768	-	81,642
2170	Due to other funds	137,453	206,928	232	-
2000	Total Liabilities	<u>197,490</u>	<u>306,361</u>	<u>1,232</u>	<u>455,290</u>
	Fund Balance:				
	Non-Spendable:				
3430	Prepaid items	1,996	5,118	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	2,468,452
	Committed:				
3545	Campus activities	-	-	-	-
3600	Unassigned	<u>(1,996)</u>	<u>(5,118)</u>	<u>-</u>	<u>-</u>
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,468,452</u>
4000	Total Liabilities and Fund Balances	<u>\$ 197,490</u>	<u>\$ 306,361</u>	<u>\$ 1,232</u>	<u>\$ 2,923,742</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 2 of 6

Data Control Codes		244	255	263
		Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction	ESEA, Title III, Pt A - BIL/ESL
	Assets			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Receivables from other governments	-	19,637	41,043
1410	Prepaid items	-	1,429	875
1000	Total Assets	<u>\$ -</u>	<u>\$ 21,066</u>	<u>\$ 41,918</u>
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	426	13,633
2170	Due to other funds	-	20,640	28,285
2000	Total Liabilities	<u>-</u>	<u>21,066</u>	<u>41,918</u>
	Fund Balance:			
	Non-Spendable:			
3430	Prepaid items	-	1,429	875
	Restricted:			
3450	Federal/State funds grant restrictions	-	-	-
	Committed:			
3545	Campus activities	-	-	-
3600	Unassigned	<u>-</u>	<u>(1,429)</u>	<u>(875)</u>
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 21,066</u>	<u>\$ 41,918</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 3 of 6

		279	280	281	282
Data Control Codes		TCLAS - ESSER III	ARP - Homeless II	ESSER II (CRRSA)	ESSER III (ARPA)
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	10,894	4,288	192,955	662,608
1410	Prepaid items	-	436	1,793	6,284
1000	Total Assets	<u>\$ 10,894</u>	<u>\$ 4,724</u>	<u>\$ 194,748</u>	<u>\$ 668,892</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 664	\$ -	\$ -
2160	Accrued wages payable	1,512	-	61,197	28,210
2170	Due to other funds	9,382	4,060	133,551	640,682
2000	Total Liabilities	<u>10,894</u>	<u>4,724</u>	<u>194,748</u>	<u>668,892</u>
Fund Balance:					
Non-Spendable:					
3430	Prepaid items	-	436	1,793	6,284
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	-
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	<u>-</u>	<u>(436)</u>	<u>(1,793)</u>	<u>(6,284)</u>
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,894</u>	<u>\$ 4,724</u>	<u>\$ 194,748</u>	<u>\$ 668,892</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 4 of 6

		284	285	287	288
Data Control Codes		IDEA-B Formula - ARP	IDEA-B Preschool - ARP	Emergency Connectivity Fund	Summer School
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	54,870	3,918	1,919,256	5,917
1410	Prepaid items	348	123	-	-
1000	Total Assets	<u>\$ 55,218</u>	<u>\$ 4,041</u>	<u>\$ 1,919,256</u>	<u>\$ 5,917</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	55,218	4,041	1,919,256	1,493
2000	Total Liabilities	<u>55,218</u>	<u>4,041</u>	<u>1,919,256</u>	<u>1,493</u>
	Fund Balance:				
	Non-Spendable:				
3430	Prepaid items	348	123	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	-	4,424
	Committed:				
3545	Campus activities	-	-	-	-
3600	Unassigned	<u>(348)</u>	<u>(123)</u>	<u>-</u>	<u>-</u>
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
4000	Total Liabilities and Fund Balances	<u>\$ 55,218</u>	<u>\$ 4,041</u>	<u>\$ 1,919,256</u>	<u>\$ 5,917</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 5 of 6

Data Control Codes		289	385	397	410
		Title IV Part A	Visually Impaired State	Advanced Placement Incentive	State Instructional Materials Fund
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,336	\$ 137,209
1240	Receivables from other governments	31,089	-	-	-
1410	Prepaid items	921	-	-	-
1000	Total Assets	<u>\$ 32,010</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 137,209</u>
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 70,580
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	32,010	-	-	-
2000	Total Liabilities	<u>32,010</u>	<u>-</u>	<u>-</u>	<u>70,580</u>
	Fund Balance:				
	Non-Spendable:				
3430	Prepaid items	921	-	-	-
	Restricted:				
3450	Federal/State funds grant restrictions	-	-	1,336	66,629
	Committed:				
3545	Campus activities	-	-	-	-
3600	Unassigned	(921)	-	-	-
3000	Total Fund Balance	<u>-</u>	<u>-</u>	<u>1,336</u>	<u>66,629</u>
4000	Total Liabilities and Fund Balances	<u>\$ 32,010</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 137,209</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2022

Exhibit H-1
Page 6 of 6

		429	461	481	499	
Data Control Codes		Safety & Security Grant	Campus Activity Funds	Tri County Health Alliance	Back to School	Total Nonmajor Governmental Funds
	Assets					
1110	Cash and cash equivalents	\$ -	\$ 364,723	\$ 3,364	\$ 2,237	\$ 3,245,619
1240	Receivables from other governments	48,990	-	-	-	3,672,070
1410	Prepaid items	399	-	-	-	28,078
1000	Total Assets	<u>\$ 49,389</u>	<u>\$ 364,723</u>	<u>\$ 3,364</u>	<u>\$ 2,237</u>	<u>\$ 6,945,767</u>
	Liabilities and Fund Balances					
	Liabilities:					
	Current Liabilities:					
2110	Accounts payable	\$ 558	\$ -	\$ -	\$ -	\$ 449,115
2160	Accrued wages payable	21,520	-	-	-	364,945
2170	Due to other funds	27,311	-	-	-	3,220,542
2000	Total Liabilities	<u>49,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,034,602</u>
	Fund Balance:					
	Non-Spendable:					
3430	Prepaid items	399	-	-	-	19,722
	Restricted:					
3450	Federal/State funds grant restrictions	-	-	3,364	2,237	2,546,442
	Committed:					
3545	Campus activities	-	364,723	-	-	364,723
3600	Unassigned	<u>(399)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,722)</u>
	Total Fund Balance	<u>-</u>	<u>364,723</u>	<u>3,364</u>	<u>2,237</u>	<u>2,911,165</u>
4000	Total Liabilities and Fund Balances	<u>\$ 49,389</u>	<u>\$ 364,723</u>	<u>\$ 3,364</u>	<u>\$ 2,237</u>	<u>\$ 6,945,767</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2

Page 1 of 6

Data Control Codes		211	224	225	240
		ESEA, Title I, Pt A - Improving Basic Ed.	IDEA B - Formula	IDEA B - Preschool	Child Nutrition
	Revenues				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 236,334
5800	State Program Revenues	-	-	-	29,294
5900	Federal Program Revenues	1,093,565	1,427,015	15,365	5,872,182
5020	Total Revenues	<u>1,093,565</u>	<u>1,427,015</u>	<u>15,365</u>	<u>6,137,810</u>
	Expenditures				
	Current:				
0011	Instruction	481,989	188,500	12,478	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	507,850	68,999	185	-
0021	Instructional Leadership	6,490	1,315	-	-
0023	School Leadership	-	105	-	-
0031	Guidance, Counseling and Evaluation Services	-	1,168,096	2,702	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	4,698,148
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	181,978
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	97,236	-	-	-
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>1,093,565</u>	<u>1,427,015</u>	<u>15,365</u>	<u>4,880,126</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,257,684</u>
0100	Fund Balance - September 1 (Beginning), restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210,768</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,468,452</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2
Page 2 of 6

Data Control Codes		244	255	263
		Career and Technical Education	ESEA, Title II, Pt A - Supporting Effective Instruction	ESEA, Title III, Pt A - BIL/ESL
Revenues				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	80,131	182,622	257,922
5020	Total Revenues	80,131	182,622	257,922
Expenditures				
Current:				
0011	Instruction	80,131	-	235,851
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	-	175,796	15,579
0021	Instructional Leadership	-	1,326	-
0023	School Leadership	-	5,500	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social work services	-	-	-
0033	Health Services	-	-	-
0034	Student Transportation	-	-	-
0035	Food Services	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	6,492
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	80,131	182,622	257,922
1100	Excess (deficiency) of revenues over expenditures	-	-	-
0100	Fund Balance - September 1 (Beginning), restated	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2

Page 3 of 6

		279	280	281	282
Data					
Control					
Codes					
	Revenues	TCLAS - ESSER III	ARP - Homeless II	ESSER II (CRRSA)	ESSER III (ARPA)
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	287,038	4,153	721,953	3,321,142
5020	Total Revenues	287,038	4,153	721,953	3,321,142
	Expenditures				
	Current:				
0011	Instruction	287,038	-	721,953	1,816,444
0012	Instructional Resources and Media Services	-	-	-	15,830
0013	Curriculum and Instructional Staff Development	-	-	-	420,933
0021	Instructional Leadership	-	4,153	-	154,403
0023	School Leadership	-	-	-	94,060
0031	Guidance, Counseling and Evaluation Services	-	-	-	98,236
0032	Social work services	-	-	-	17,380
0033	Health Services	-	-	-	46,414
0034	Student Transportation	-	-	-	103,688
0035	Food Services	-	-	-	71,292
0036	Cocurricular/Extracurricular Activities	-	-	-	8,444
0041	General Administration	-	-	-	38,327
0051	Facilities Maintenance and Operations	-	-	-	89,943
0052	Security and Monitoring Services	-	-	-	41,906
0053	Data Processing Services	-	-	-	298,235
0061	Community Services	-	-	-	2,243
0081	Facilities Acquisition and Construction	-	-	-	3,364
6030	Total Expenditures	287,038	4,153	721,953	3,321,142
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
0100	Fund Balance - September 1 (Beginning), restated	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2

Page 4 of 6

Data Control Codes		284	285	287	288
		IDEA-B Formula - ARP	IDEA-B Preschool - ARP	Emergency Connectivity Fund	Summer School
	Revenues				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	100,886	8,815	1,919,256	10,341
5020	Total Revenues	<u>100,886</u>	<u>8,815</u>	<u>1,919,256</u>	<u>10,341</u>
	Expenditures				
	Current:				
0011	Instruction	73,331	8,815	1,919,256	5,917
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	27,555	-	-	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>100,886</u>	<u>8,815</u>	<u>1,919,256</u>	<u>5,917</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
0100	Fund Balance - September 1 (Beginning), restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,424</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2
Page 5 of 6

Data Control Codes		289	385	397	410
		Title IV Part A	Visually Impaired State	Advanced Placement Incentive	State Instructional Materials Fund
	Revenues				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	2,665	3,136	426,529
5900	Federal Program Revenues	101,519	-	-	-
5020	Total Revenues	<u>101,519</u>	<u>2,665</u>	<u>3,136</u>	<u>426,529</u>
	Expenditures				
	Current:				
0011	Instruction	53,336	2,665	-	359,900
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	1,800	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	1,400	-	-	-
0032	Social work services	-	-	-	-
0033	Health Services	46,783	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>101,519</u>	<u>2,665</u>	<u>1,800</u>	<u>359,900</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,336</u>	<u>66,629</u>
0100	Fund Balance - September 1 (Beginning), restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 66,629</u>

WALLER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2022

Exhibit H-2

Page 6 of 6

Data Control Codes		429	461	481	499	Total Nonmajor Governmental
		Safety & Security	Campus Activity	Tri County Health		Funds
		Grant	Funds	Alliance	Back to School	
	Revenues					
5700	Local and Intermediate Sources	\$ -	\$ 829,555	\$ 29,500	\$ 9,469	\$ 1,104,858
5800	State Program Revenues	58,090	-	-	-	519,714
5900	Federal Program Revenues	-	-	-	-	15,403,905
5020	Total Revenues	58,090	829,555	29,500	9,469	17,028,477
	Expenditures					
	Current:					
0011	Instruction	15,921	7,409	4,500	7,232	6,282,666
0012	Instructional Resources and Media Services	-	63,935	-	-	79,765
0013	Curriculum and Instructional Staff Development	42,169	-	-	-	1,233,311
0021	Instructional Leadership	-	-	-	-	167,687
0023	School Leadership	-	-	-	-	99,665
0031	Guidance, Counseling and Evaluation Services	-	-	-	-	1,297,989
0032	Social work services	-	-	-	-	17,380
0033	Health Services	-	-	21,636	-	114,833
0034	Student Transportation	-	-	-	-	103,688
0035	Food Services	-	-	-	-	4,769,440
0036	Cocurricular/Extracurricular Activities	-	627,189	-	-	635,633
0041	General Administration	-	-	-	-	38,327
0051	Facilities Maintenance and Operations	-	-	-	-	271,921
0052	Security and Monitoring Services	-	-	-	-	41,906
0053	Data Processing Services	-	-	-	-	298,235
0061	Community Services	-	-	-	-	105,971
0081	Facilities Acquisition and Construction	-	-	-	-	3,364
6030	Total Expenditures	58,090	698,533	26,136	7,232	15,561,781
1100	Excess (deficiency) of revenues over expenditures	-	131,022	3,364	2,237	1,466,696
0100	Fund Balance - September 1 (Beginning), restated	-	233,701	-	-	1,444,469
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 364,723	\$ 3,364	\$ 2,237	\$ 2,911,165



REQUIRED TEA SCHEDULES

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2022

Exhibit J-1
Page 1 of 2

	1		2	3		10
Last Ten Fiscal Years	Tax Rates			Net Assessed/Appraised Value For School Tax Purposes		Beginning Balance 9/1/2021
	Maintenance		Debt Service			
2013 and prior	Various		Various		Various	\$ 535,788
2014	\$ 1.040000	\$	0.400000	\$	1,892,167,836	124,405
2015	1.040000		0.400000		2,021,703,553	159,726
2016	1.040000		0.400000		2,243,617,577	157,641
2017	1.040000		0.400000		2,600,531,319	212,506
2018	1.040000		0.400000		3,027,820,555	299,807
2019	1.040000		0.400000		3,383,391,176	463,826
2020	0.970000		0.400000		3,474,115,125	780,661
2021	0.966400		0.400000		4,237,334,104	1,699,198
2022	0.880900		0.440000		4,775,923,537	-
1000 TOTALS						<u>\$ 4,433,558</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2022

Exhibit J-1
Page 2 of 2

	20	31	32	40	50
Last Ten Fiscal Years	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2022
2013 and prior	\$ -	\$ 59,468	\$ 22,872	\$ (592)	\$ 452,856
2014	-	29,338	11,284	(71)	83,712
2015	-	33,362	12,831	(103)	113,430
2016	-	30,815	11,852	(181)	114,793
2017	-	38,519	14,815	111	159,283
2018	-	89,212	34,312	41,488	217,771
2019	-	134,916	51,891	51,800	328,819
2020	-	273,845	112,926	139,680	533,570
2021	-	707,337	292,772	148,320	847,409
2022	<u>63,085,174</u>	<u>43,801,652</u>	<u>21,878,451</u>	<u>4,544,064</u>	<u>1,949,135</u>
1000 TOTALS	<u>\$ 63,085,174</u>	<u>\$ 45,198,464</u>	<u>\$ 22,444,006</u>	<u>\$ 4,924,516</u>	<u>\$ 4,800,778</u>
Total taxes receivable per Exhibit C-1					<u>\$ 4,800,778</u>

WALLER INDEPENDENT SCHOOL DISTRICT
Exhibit J-2
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION
For the Year Ended August 31, 2022

Data Control Codes		Child Nutrition			
		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
	Operating Revenues				
5700	Local revenues	\$ 767,000	\$ 217,948	\$ 236,334	\$ 18,386
5800	State program revenues	20,000	12,905	29,294	16,389
5900	Federal program revenues	3,410,000	5,639,378	5,872,182	232,804
	Total Operating Revenues	4,197,000	5,870,231	6,137,810	267,579
	Operating Expenses				
0035	Food services	3,958,435	4,693,146	4,698,148	(5,002)
0051	Facilities maintenance and operations	238,565	310,265	181,978	128,287
6030	Total Operating Expenses	4,197,000	5,003,411	4,880,126	123,285
1200	Net change in fund balances/net position	-	866,820	1,257,684	390,864
0100	Fund Balance - September 1 (Beginning)	1,210,768	1,210,768	1,210,768	-
3000	Fund Balance - August 31 (Ending)	\$ 1,210,768	\$ 2,077,588	\$ 2,468,452	\$ 390,864

WALLER INDEPENDENT SCHOOL DISTRICT
Exhibit J-3
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND
For the Year Ended August 31, 2022

Data Control Codes		Debt Service Fund			Variance with Final Budget - Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Revenues				
5700	Local revenues	\$ 22,508,760	\$ 22,566,760	\$ 22,669,133	\$ 102,373
5800	State program revenues	43,828	155,828	93,637	(62,191)
5020	Total Revenues	22,552,588	22,722,588	22,762,770	40,182
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	6,400,000	6,400,000	11,330,000	(4,930,000)
0072	Interest on long-term debt	16,132,588	16,132,588	13,985,488	2,147,100
0073	Bond issuance costs and fees	20,000	5,015,878	68,453	4,947,425
6030	Total Expenditures	22,552,588	27,548,466	25,383,941	2,164,525
1100	Excess (deficiency) of revenues over expenditures	-	(4,825,878)	(2,621,171)	2,204,707
	Other Financing Sources (Uses):				
8949	Property Tax Refunds	-	-	(67,864)	(67,864)
7080	Total Other Financing Sources (Uses)	-	-	(67,864)	(67,864)
1200	Net change in fund balances	-	(4,825,878)	(2,689,035)	2,136,843
0100	Fund Balance - September 1 (Beginning)	24,457,668	24,457,668	24,457,668	-
3000	Fund Balance - August 31 (Ending)	\$ 24,457,668	\$ 19,631,790	\$ 21,768,633	\$ 2,136,843

WALLER INDEPENDENT SCHOOL DISTRICT*Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended August 31, 2022**

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$ 8,393,084
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 4,487,126
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.	\$ 1,457,357
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 794,338

WALLER INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended August 31, 2022

Schedule L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	
	(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



FEDERAL AWARDS SECTION



**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**

To the Board of Trustees
Waller Independent School District
Waller, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waller Independent School District (the “District”), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated January 12, 2023.

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 may exist that have not been identified.

To the Board of Trustees
Waller Independent School District

Compliance and Other Matters

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

Purpose of this Report

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

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

Houston, Texas
January 12, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Waller Independent School District
Waller, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

To the Board of Trustees
Waller Independent School District

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.

Whitley Penn LLP

Houston, Texas
January 12, 2023

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
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Federal Communications Commission

COVID-19 - Emergency Connectivity Fund administered by Universal Service Administrative Company of the American Rescue Plan Act of 2021	32.009
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US Department of Education

Special Education Cluster

<i>IDEA - Part B, Formula</i>	84.027A
<i>COVID-19 - IDEA-B Formula-ARP</i>	84.027X
<i>IDEA - Part B, Preschool</i>	84.173A
<i>COVID-19 - IDEA-B Preschool-ARP</i>	84.173X
 <i>COVID-19 - TCLAS-ESSER III</i>	 84.425U
<i>COVID-19 - ARP HOMELESS II</i>	84.425W
<i>COVID-19 - CRRSA ESSER II</i>	84.425D
<i>COVID-19 - CRRSA ESSER II - Pre-award</i>	84.425D
<i>COVID-19 - ARP ESSER III</i>	84.425U
<i>COVID-19 - ARP ESSER III - Pre-award</i>	84.425U

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
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Auditee qualified as low risk auditee?	Yes
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WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2022

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None Reported

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2022

Exhibit K-1

Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Education				
Passed Through Texas Education Agency:				
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	22610101237904	\$ 1,024,328
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	23610101237904	69,237
Total ALN 84.010				<u>1,093,565</u>
IDEA - Part B, Formula	224	84.027A	216600012379046600	4,466
IDEA - Part B, Formula	224	84.027A	226600012379046600	1,325,781
IDEA - Part B, Formula	224	84.027A	236600012379046600	96,768
COVID-19 - IDEA-B Formula-ARP	284	84.027X	225350012379045350	100,886
IDEA - Part B, Preschool	225	84.173A	226610012379046610	15,365
COVID-19 - IDEA-B Preschool-ARP	285	84.173X	225360012379045360	8,815
Total Special Education Cluster (ALN 84.027, 84.173)				<u>1,552,081</u>
Career and Technical - Basic Grant	244	84.048A	22420006237904	80,131
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	22694501237904	169,205
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	23694501237904	13,417
Total ALN 84.367				<u>182,622</u>
Title III, Part A - English Language Acquisition	263	84.365A	22671001237904	244,289
Title III, Part A - English Language Acquisition	263	84.365A	23671001237904	13,633
Total ALN 84.365				<u>257,922</u>
COVID-19 - TCLAS-ESSER III	279	84.425U	21528042237904	287,038
COVID-19 - ARP HOMELESS II	280	84.425W	21533002237904	4,153
COVID-19 - CRRSA ESSER II	281	84.425D	21521001237904	721,953
COVID-19 - CRRSA ESSER II - Pre-award	199	84.425D	21521001237904	2,188,596
COVID-19 - ARP ESSER III	282	84.425U	21528001237904	3,321,142
COVID-19 - ARP ESSER III - Pre-award	199	84.425U	21528001237904	302,377
Total ALN 84.425				<u>6,825,259</u>
Title IV, Part A	289	84.424A	22680101237904	54,736
LEP Summer School	288	84.369A	69552202	5,917
LEP Summer School	288	84.369A	69552002	4,424
Total ALN 84.369				<u>10,341</u>
Total U. S. Department of Education				<u>10,056,657</u>
U.S. Department of Health and Human Services				
Passed Through Region 4:				
COVID-19 Public Health Workforce Supplemental	289	93.354	HHS001101500001	46,783
Total U. S. Department of Health and Human Services				<u>46,783</u>
Federal Communications Commission				
Direct Award:				
COVID-19 - Emergency Connectivity Fund administered by Universal Service Administrative Company of the American Rescue Plan Act of 2021	287	32.009	ECF222118389	1,919,256
Total Federal Communications Commission				<u>1,919,256</u>

WALLER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2022

Exhibit K-1
Page 2 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
Cash assistance:				
<i>Child and Adult Care Food Program (CACFP) Emergency Operational Costs Reimbursement Program (COVID-19)</i>	240	10.558	01114	\$ 134,868
<i>Pandemic Benefit Transfer - Admin Costs (COVID-19)</i>	240	10.649	01114	5,814
<i>Supply Chain Assistance Grant</i>	240	10.555	01114	160,204
Non Cash assistance (Commodities):				
<i>National School Lunch Program</i>	240	10.555	01114	381,759
Passed Through Texas Education Agency:				
Cash assistance:				
<i>Seamless Summer Option School Breakfast</i>	240	10.553	71402201	1,180,452
<i>School Breakfast Program</i>	240	10.553	71402201	45,321
<i>Seamless Summer Option School National School Lunch</i>	240	10.555	71302201	3,830,448
<i>National School Lunch Program</i>	240	10.555	71302201	133,316
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555)</i>				<u>5,731,500</u>
Total U. S. Department of Agriculture				<u>5,872,182</u>
Total Expenditures of Federal Awards				<u>\$ 17,894,878</u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. 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.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. Generally, unused balances are returned to the grantor at the close of specified project periods.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2022. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation of Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and expenditures reports on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	\$ 17,894,878
Federal revenue accounted for in the governmental funds:	
School Health and Related Services (SHARS)	1,420,256
Junior Reserve Officers' Training Corps (JROTC)	68,438
E-Rate	84,706
Total federal revenue - Exhibit C-3	\$ 19,468,278

Note 4 - General Fund Federal Program Revenues

Federal Awards reported in the general fund are summarized as follows:

Program or Source	ALN	Amount
School Health and Related Services (SHARS)	N/A	\$ 1,420,256
Junior Reserve Officers' Training Corps (JROTC)	N/A	68,438
E-Rate	N/A	84,706
COVID-19 - CRRSA ESSER II - Pre-award	84.425D	2,188,596
COVID-19 - ARP ESSER III - Pre-award	84.425U	302,377
Total		\$ 4,064,373

WALLER INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended August 31, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

WALLER INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended August 31, 2022

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable