

**WALLER INDEPENDENT SCHOOL DISTRICT**

**Annual Financial Report**

**For the Fiscal Year Ended  
August 31, 2023**





# WALLER INDEPENDENT SCHOOL DISTRICT

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## **INTRODUCTORY SECTION**



**CERTIFICATE OF BOARD**

**Waller Independent School District**

Name of School District

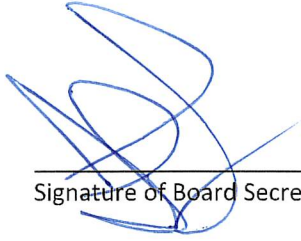
**Waller**

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, 2023, at a meeting of the Board of Trustees of such school district on the 18<sup>th</sup> day of January, 2024.



Signature of Board Secretary



Signature of Board President





## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Waller Independent School District

### 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 18, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Houston, Texas  
January 18, 2024



## **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, 2023.

#### **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 \$22,843,915 (*net position*). Of this amount, unrestricted net position amounted to a deficit of (\$19,906,284). This deficit was caused by the net pension and net OPEB liabilities recognized in fiscal year 2023. 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 \$9,112,479. This increase was mainly due to increase in property taxes and interest earnings.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$423,615,972, an increase of \$309,292,002 in comparison with the prior year. This increase is primarily due the issuance of general obligation bonds and the related proceeds reported in the Capital Projects Fund.
- During the year, the District's revenues for governmental activities in the amount of \$141,547,014 exceeded total expenses of \$132,382,258 by \$9,164,756.
- The general fund reported a fund balance this year of \$23,677,745. Of this amount, \$23,312,145 is for unassigned use by the District.
- The District's total bonded debt decreased by \$344,475,000 (94 percent) during the current fiscal year due to the issuance of Series 2023 and Series 2023 bonds. There was a cash defeasance in the amount of \$4,790,000 of Series 2013 and Series 2015 refunding bonds during fiscal year 2023.

#### **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 \$9,112,479 at the close of the most recent fiscal year.

The largest portion of the District's net position \$10,442,047 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, 2023 and 2022, the District's net position included the following:

**Table I**  
**Waller Independent School District**  
**Comparative Schedule of Net Position**  
**August 31, 2023 and 2022**

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Current and Other Assets	\$ 444,043,409	\$ 148,748,310	\$ 295,295,099	\$ 120,614	\$ 1,069	\$ 119,545
Capital Assets	408,434,991	348,415,156	60,019,835	-	-	-
<b>Total Assets</b>	<b>852,478,400</b>	<b>497,163,466</b>	<b>355,314,934</b>	<b>120,614</b>	<b>1,069</b>	<b>119,545</b>
Deferred Charge on Refunding	1,839,821	2,150,837	(311,016)	-	-	-
Deferred Outflow - Pension	14,991,293	9,263,062	5,728,231	-	-	-
Deferred Outflow - OPEB	9,899,882	9,970,601	(70,719)	-	-	-
<b>Total Deferred Outflows</b>	<b>26,730,996</b>	<b>21,384,500</b>	<b>5,346,496</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-Term Liabilities	814,179,634	444,541,378	369,638,256	-	-	-
Other Liabilities	15,862,214	30,306,174	(14,443,960)	11,557	6,971	4,586
<b>Total Liabilities</b>	<b>830,041,848</b>	<b>474,847,552</b>	<b>355,194,296</b>	<b>11,557</b>	<b>6,971</b>	<b>4,586</b>
Deferred Inflow - Pension	2,172,828	12,996,943	(10,824,115)	-	-	-
Deferred Inflow - OPEB	24,259,862	17,133,369	7,126,493	-	-	-
<b>Total Deferred Inflows</b>	<b>26,432,690</b>	<b>30,130,312</b>	<b>(3,697,622)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>						
Net Investment in Capital Assets	10,442,047	12,629,342	(2,187,295)	-	-	-
Restricted	32,308,152	25,153,731	7,154,421	-	-	-
Unrestricted	(20,015,341)	(24,212,971)	4,197,630	109,057	(5,902)	114,959
<b>Total Net Position</b>	<b>\$ 22,734,858</b>	<b>\$ 13,570,102</b>	<b>\$ 9,164,756</b>	<b>\$ 109,057</b>	<b>\$ (5,902)</b>	<b>\$ 114,959</b>

Approximately \$10.4 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 \$141.5 million. A portion, 58 percent, of the District's revenue comes from local property taxes, 22 percent comes from state aid – formula grants, while 13 percent relates to charges for services and operating grants, and the remaining 7 percent relates to investment earnings and other miscellaneous revenue.

Total cost of all programs and services for governmental activities was \$132,382,258. The net position of the District's governmental activities for the current year increased by \$9,164,756.

Key elements of the governmental and business-type 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, 2023 and 2022**

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 2,170,127	\$ 2,281,931	\$ (111,804)	\$ 187,690	\$ 101,825	\$ 85,865
Operating Grants and Contributions	16,435,403	18,832,459	(2,397,056)	-	-	-
<b>General Revenues:</b>						
Property Taxes	81,496,771	68,114,405	13,382,366	-	-	-
State Aid - Formula Grants	31,558,179	32,519,137	(960,958)	-	-	-
Interest Earnings	9,396,374	1,026,736	8,369,638	-	-	-
Miscellaneous	443,155	-	443,155	-	-	-
Extraordinary item - disaster recovery	-	471,508	(471,508)	-	-	-
Special item - gain on sale of asset	47,005	32,250	14,755	-	-	-
<b>Total Revenues</b>	<b>141,547,014</b>	<b>123,278,426</b>	<b>18,268,588</b>	<b>187,690</b>	<b>101,825</b>	<b>85,865</b>
<b>Expenses</b>						
Instruction	60,383,154	52,303,621	8,079,533	-	-	-
Instrucional Resources and Media	769,886	690,799	79,087	-	-	-
Curriculum and staff development	3,074,332	2,698,676	375,656	-	-	-
Instructional leadership	1,810,988	1,498,452	312,536	-	-	-
School leadership	5,077,810	4,106,239	971,571	-	-	-
Guidance, counseling, and evaluation services	4,710,026	4,049,718	660,308	-	-	-
Social work services	89,816	59,077	30,739	-	-	-
Health services	799,767	601,412	198,355	-	-	-
Student transportation	6,244,167	5,081,636	1,162,531	-	-	-
Food service	4,650,640	4,390,580	260,060	-	-	-
Extracurricular activities	3,484,994	2,743,224	741,770	-	-	-
General administration	3,734,813	3,017,238	717,575	-	-	-
Facilities maintenance and operations	10,987,182	7,755,223	3,231,959	-	-	-
Security and monitoring services	1,195,224	808,120	387,104	-	-	-
Data processing services	3,153,131	2,825,026	328,105	-	-	-
Community services	106,725	94,461	12,264	-	-	-
Interest on long-term debt	19,288,873	12,319,708	6,969,165	-	-	-
Bond issuance costs and fees	223,379	68,453	154,926	-	-	-
Facilities maintenance and repairs	1,656,210	12,146,200	(10,489,990)	-	-	-
Payments related to shared services arrangements	157,685	180,718	(23,033)	-	-	-
Payments to Juvenile Justice Alternative Education						
Programs	33,300	3,994	29,306	-	-	-
Other governmental charges	750,156	685,849	64,307	-	-	-
Vending	-	-	-	85,504	84,332	1,172
Technology Insurance	-	-	-	154,463	-	154,463
<b>Total Expenses</b>	<b>132,382,258</b>	<b>118,128,424</b>	<b>14,253,834</b>	<b>239,967</b>	<b>84,332</b>	<b>155,635</b>
Increase (Decrease) in Net Position	9,164,756	5,150,002	4,014,754	(52,277)	17,493	(69,770)
<b>Net Position - Beginning</b>	<b>13,570,102</b>	<b>8,420,100</b>	<b>5,150,002</b>	<b>(5,902)</b>	<b>(23,395)</b>	<b>17,493</b>
<b>Prior Period Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,236</b>	<b>-</b>	<b>167,236</b>
<b>Net Position - Ending</b>	<b>\$ 22,734,858</b>	<b>\$ 13,570,102</b>	<b>\$ 9,164,756</b>	<b>\$ 109,057</b>	<b>\$ (5,902)</b>	<b>\$ 114,959</b>

**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 page 18) reported a combined fund balance of \$423.6 million, an increase of \$309.3 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 2022-2023 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 \$1.1 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, 2023, the District had \$408.4 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 \$60.0 million (including additions and deductions) over last year. Additional details on capital assets can be found in the notes to the financial statements.

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 20,585,835	\$ 15,152,974
Buildings and Improvements	409,620,268	342,303,798
Furniture and equipment	11,166,348	7,604,490
Vehicles	10,721,239	12,371,706
Right-to-use assets	103,721	103,721
Construction in Progress	25,548,667	34,326,882
Total	<u>477,746,078</u>	<u>411,863,571</u>
Accumulated Depreciation and Amortization		
Buildings and Improvements	(59,747,138)	(52,077,781)
Furniture and equipment	(3,416,122)	(3,461,129)
Vehicles	(6,098,972)	(7,885,314)
Right-to-use assets	(48,855)	(24,191)
Total Accumulated Depreciation and Amortization	<u>(69,311,087)</u>	<u>(63,448,415)</u>
Net Capital Assets	<u>\$ 408,434,991</u>	<u>\$ 348,415,156</u>

**Long-Term Debt**

At year-end, the District had \$710.5 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 2023-2024 budget and tax rates. Some of these factors include the changing economy including the impact of inflation, statewide safety and security concerns, recruiting and retaining quality staff, an increase in enrollment, and 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 16% and 4%, respectively, over the last 8 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 2023-2024. The Board of Trustees adopted a \$876,854 deficit budget for 2023-2024 which provided a \$2,000 increase to the starting teacher salary, a 3% raise of the midpoint for all other employees, additional positions, and operating costs for new & existing facilities despite the rising costs due to inflation.

**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, 2023**

**Exhibit A-1**

Data Control Codes		Primary Government		
		Governmental	Business-type	Total
		Activities	Activities	
Assets				
1110	Cash and Cash Equivalents	\$ 426,868,570	\$ 135,949	\$ 427,004,519
1120	Current Investments	2,183,433	-	2,183,433
1220	Property Taxes - Delinquent	5,923,354	-	5,923,354
1230	Allowance for Uncollectible Taxes	(105,626)	-	(105,626)
1240	Due from Other Governments	8,761,039	-	8,761,039
1260	Internal Balances	15,362	(15,362)	-
1290	Other Receivables, Net	866	-	866
1410	Prepaid Items	396,411	27	396,438
	Capital Assets Not Subject to Depreciation and Amortization:			
1510	Land	20,585,835	-	20,585,835
1580	Construction in Progress	25,548,667	-	25,548,667
	Capital Assets Net Of Depreciation and Amortization:			
1520	Buildings and Improvements, Net	349,873,130	-	349,873,130
1530	Furniture and Equipment, Net	12,372,493	-	12,372,493
1550	Right-to-use assets, net	54,866	-	54,866
1000	Total Assets	852,478,400	120,614	852,599,014
Deferred Outflows Of Resources				
	Deferred Charge for Refunding	1,839,821	-	1,839,821
	Deferred Outflow Related to TRS Pension	14,991,293	-	14,991,293
	Deferred Outflow Related to TRS OPEB	9,899,882	-	9,899,882
1700	Total Deferred Outflows of Resources	26,730,996	-	26,730,996
Liabilities				
2110	Accounts Payable	8,824,922	10,771	8,835,693
2140	Interest Payable	1,252,498	-	1,252,498
2160	Accrued Wages Payable	5,368,906	786	5,369,692
2180	Due to Other Governments	295,678	-	295,678
2190	Due To Student Groups	8,854	-	8,854
2300	Unearned Revenue	111,356	-	111,356
	Noncurrent Liabilities:			
2501	Due Within One Year	7,406,510	-	7,406,510
2502	Due in More Than One Year	760,494,868	-	760,494,868
2540	Net Pension Liability	30,399,619	-	30,399,619
2545	Net Other Post-Employment Benefits (OPEB) Liabilities	15,878,637	-	15,878,637
2000	Total Liabilities	830,041,848	11,557	830,053,405
Deferred Inflows Of Resources				
	Deferred Inflows - Pension	2,172,828	-	2,172,828
	Deferred Outflows - OPEB	24,259,862	-	24,259,862
2600	Total Deferred Inflows of Resources	26,432,690	-	26,432,690
Net Position				
3200	Net Investment in Capital Assets	10,442,047	-	10,442,047
	Restricted For:			
3820	Federal and State Programs	3,278,675	-	3,278,675
3850	Debt Service	29,029,477	-	29,029,477
3900	Unrestricted	(20,015,341)	109,057	(19,906,284)
3000	Total Net Position	\$ 22,734,858	\$ 109,057	\$ 22,843,915

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2023**

**Exhibit B-1**  
**Page 1 of 2**

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	<b>Primary government</b>			
	<b>Governmental activities:</b>			
11	Instruction	\$ 60,383,154	\$ 149,819	\$ 4,624,298
12	Instructional resources and media services	769,886	-	14,954
13	Curriculum and staff development	3,074,332	-	1,710,036
21	Instructional leadership	1,810,988	-	357,607
23	School leadership	5,077,810	-	144,615
31	Guidance, counseling, and evaluation services	4,710,026	-	1,330,990
32	Social work services	89,816	-	42,088
33	Health services	799,767	-	1,536,993
34	Student transportation	6,244,167	-	86,199
35	Food service	4,650,640	850,006	4,975,353
36	Extracurricular activities	3,484,994	1,082,791	21,677
41	General administration	3,734,813	-	51,562
51	Facilities maintenance and operations	10,987,182	87,511	339,742
52	Security and monitoring services	1,195,224	-	297,898
53	Data processing services	3,153,131	-	276,929
61	Community services	106,725	-	114,105
72	Interest on long-term debt	19,288,873	-	501,753
73	Bond issuance costs and fees	223,379	-	-
81	Facilities maintenance and repairs	1,656,210	-	8,604
93	Payments related to shared services arrangements	157,685	-	-
95	Payments to Juvenile Justice Alternative			
	Education Programs	33,300	-	-
99	Intergovernmental charges	750,156	-	-
<b>TG</b>	<b>Total Governmental Activities</b>	<u>132,382,258</u>	<u>2,170,127</u>	<u>16,435,403</u>
	<b>Business-type activities</b>			
01	Vending	85,504	64,514	-
02	Technology Insurance	154,463	123,176	-
<b>TB</b>	<b>Total Business-Type Activities</b>	<u>239,967</u>	<u>187,690</u>	<u>-</u>
<b>TP</b>	<b>Total Primary Government</b>	<u>\$ 132,622,225</u>	<u>\$ 2,357,817</u>	<u>\$ 16,435,403</u>



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2023**

**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
	<b>Primary government</b>			
	<b>Governmental activities:</b>			
11	Instruction	\$ (55,609,037)	\$ -	\$ (55,609,037)
12	Instructional resources and media services	(754,932)	-	(754,932)
13	Curriculum and staff development	(1,364,296)	-	(1,364,296)
21	Instructional leadership	(1,453,381)	-	(1,453,381)
23	School leadership	(4,933,195)	-	(4,933,195)
31	Guidance, counseling, and evaluation services	(3,379,036)	-	(3,379,036)
32	Social work services	(47,728)	-	(47,728)
33	Health services	737,226	-	737,226
34	Student transportation	(6,157,968)	-	(6,157,968)
35	Food service	1,174,719	-	1,174,719
36	Extracurricular activities	(2,380,526)	-	(2,380,526)
41	General administration	(3,683,251)	-	(3,683,251)
51	Facilities maintenance and operations	(10,559,929)	-	(10,559,929)
52	Security and monitoring services	(897,326)	-	(897,326)
53	Data processing services	(2,876,202)	-	(2,876,202)
61	Community services	7,380	-	7,380
72	Interest on long-term debt	(18,787,120)	-	(18,787,120)
73	Bond issuance costs and fees	(223,379)	-	(223,379)
81	Facilities maintenance and repairs	(1,647,606)	-	(1,647,606)
93	Payments related to shared services arrangements	(157,685)	-	(157,685)
95	Payments to Juvenile Justice Alternative Education Programs	(33,300)	-	(33,300)
99	Intergovernmental charges	(750,156)	-	(750,156)
<b>TG</b>	<b>Total Governmental Activities</b>	<b>(113,776,728)</b>	<b>-</b>	<b>(113,776,728)</b>
	<b>Business-type activities</b>			
01	Vending	-	(20,990)	(20,990)
02	Technology Insurance	-	(31,287)	(31,287)
<b>TB</b>	<b>Total Business-Type Activities</b>	<b>-</b>	<b>(52,277)</b>	<b>(52,277)</b>
<b>TP</b>	<b>Total Primary Government</b>	<b>(113,776,728)</b>	<b>(52,277)</b>	<b>(113,829,005)</b>
	<b>General revenues</b>			
	Taxes:			
<b>MT</b>	Property Taxes, Levied for General Purposes	53,916,133	-	53,916,133
<b>DT</b>	Property Taxes, Levied for Debt Service	27,580,638	-	27,580,638
<b>SF</b>	State Aid - Formula Grants	31,558,179	-	31,558,179
<b>IE</b>	Investment Earnings	9,396,374	-	9,396,374
<b>MI</b>	Miscellaneous	443,155	-	443,155
<b>SI</b>	Special item - gain on sale of asset	47,005	-	47,005
<b>TR</b>	<b>Total General Revenues</b>	<b>122,941,484</b>	<b>-</b>	<b>122,941,484</b>
<b>CN</b>	Change in net position	9,164,756	(52,277)	9,112,479
<b>NB</b>	<b>Net Position - Beginning, Restated</b>	<b>13,570,102</b>	<b>(5,902)</b>	<b>13,564,200</b>
<b>PA</b>	Prior period adjustments	-	167,236	167,236
<b>NE</b>	<b>Net Position - Ending</b>	<b>\$ 22,734,858</b>	<b>\$ 109,057</b>	<b>\$ 22,843,915</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**August 31, 2023**

**Exhibit C-1**  
**Page 1 of 2**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
<b>Assets</b>				
1110	Cash and Cash Equivalents	\$ 11,238,597	\$ 26,287,307	\$ 385,542,992
1120	Current Investments	-	2,183,433	-
	Receivables:			
1220	Delinquent Property Taxes Receivables	4,048,801	1,874,553	-
1230	Allowance for Uncollectible Taxes (Credit)	(71,872)	(33,754)	-
1240	Receivables from Other Governments	5,928,328	-	-
1260	Due from Other Funds	12,319,144	-	-
1290	Other Receivables	866	-	-
1410	Prepaid Items	365,600	-	2,812
<b>1000</b>	<b>Total Assets</b>	<b>\$ 33,829,464</b>	<b>\$ 30,311,539</b>	<b>\$ 385,545,804</b>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
	<b>Liabilities:</b>			
2110	Accounts Payable	\$ 837,166	\$ 29,564	\$ 7,723,741
2160	Accrued Wages Payable	4,987,303	-	2,420
2170	Due to Other Funds	-	-	9,786,001
2180	Payable to Other Governments	230,111	58,368	-
2190	Due To Student Groups	8,854	-	-
2300	Unearned Revenues	111,356	-	-
<b>2000</b>	<b>Total Liabilities</b>	<b>6,174,790</b>	<b>87,932</b>	<b>17,512,162</b>
	<b>Deferred Inflows of Resources</b>			
	Deferred Inflows - Property Taxes	3,976,929	1,840,800	-
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>3,976,929</b>	<b>1,840,800</b>	<b>-</b>
	<b>Fund Balances:</b>			
	<b>Non-Spendable:</b>			
3430	Prepaid Items	365,600	-	2,812
	<b>Restricted:</b>			
3450	Federal/State Funds Grant Restrictions	-	-	-
3470	Capital Acquisitions And Contractual Oblig.	-	-	368,030,830
3480	Debt Service	-	28,382,807	-
	<b>Committed:</b>			
3545	Campus activities	-	-	-
3600	<b>Unassigned</b>	<b>23,312,145</b>	<b>-</b>	<b>-</b>
<b>3000</b>	<b>Total Fund Balances</b>	<b>23,677,745</b>	<b>28,382,807</b>	<b>368,033,642</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 33,829,464</b>	<b>\$ 30,311,539</b>	<b>\$ 385,545,804</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**August 31, 2023**

**Exhibit C-1**  
**Page 2 of 2**

<b>Data Control Codes</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>Assets</b>		
1110	Cash and Cash Equivalents	\$ 3,799,675	\$ 426,868,571
1120	Current Investments	-	2,183,433
	Receivables:		
1220	Delinquent Property Taxes Receivables	-	5,923,354
1230	Allowance for Uncollectible Taxes (Credit)	-	(105,626)
1240	Receivables from Other Governments	2,832,711	8,761,039
1260	Due from Other Funds	-	12,319,144
1290	Other Receivables	-	866
1410	Prepaid Items	27,999	396,411
<b>1000</b>	<b>Total Assets</b>	<b>\$ 6,660,385</b>	<b>\$ 456,347,192</b>
	<b>Liabilities, Deferred Inflows, and Fund Balances</b>		
	<b>Liabilities:</b>		
2110	Accounts Payable	\$ 234,444	\$ 8,824,915
2160	Accrued Wages Payable	379,183	5,368,906
2170	Due to Other Funds	2,517,781	12,303,782
2180	Payable to Other Governments	7,199	295,678
2190	Due To Student Groups	-	8,854
2300	Unearned Revenues	-	111,356
<b>2000</b>	<b>Total Liabilities</b>	<b>3,138,607</b>	<b>26,913,491</b>
	<b>Deferred Inflows of Resources</b>		
	Deferred Inflows - Property Taxes	-	5,817,729
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>5,817,729</b>
	<b>Fund Balances:</b>		
	<b>Non-Spendable:</b>		
3430	Prepaid Items	19,188	387,600
	<b>Restricted:</b>		
3450	Federal/State Funds Grant Restrictions	3,241,332	3,241,332
3470	Capital Acquisitions And Contractual Oblig.	-	368,030,830
3480	Debt Service	-	28,382,807
	<b>Committed:</b>		
3545	Other Committed	280,446	280,446
3600	<b>Unassigned</b>	<b>(19,188)</b>	<b>23,292,957</b>
<b>3000</b>	<b>Total Fund Balances</b>	<b>3,521,778</b>	<b>423,615,972</b>
<b>4000</b>	<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 6,660,385</b>	<b>\$ 456,347,192</b>



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**August 31, 2023**

*Exhibit C-2*

<b>Data Control Codes</b>	<b>Total Fund Balance, Governmental Funds</b>	<b>\$ 423,615,972</b>
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
<b>1</b>	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.	408,434,991
<b>2</b>	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).	5,817,729
<b>3</b>	Deferred charge on refunding	1,839,821
<b>4</b>	Deferred outflows relating to pension activities	14,991,293
<b>5</b>	Deferred outflows relating to other-post employment benefit	9,899,882
	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:	
<b>6</b>	General obligation bonds	(710,515,000)
<b>7</b>	Premiums on issuance	(57,292,520)
<b>8</b>	Leases payable	(58,887)
<b>9</b>	Accrued compensated absences	(34,971)
<b>10</b>	Net pension liability	(30,399,619)
<b>11</b>	Net other-post employment benefit liability	(15,878,637)
<b>12</b>	Accrued interest payable	(1,252,506)
<b>13</b>	Deferred inflows relating to pension activities	(2,172,828)
<b>14</b>	Deferred inflows relating to other-post employment benefit	(24,259,862)
<b>19</b>	<b>Net Position of Governmental Activities</b>	<b>\$ 22,734,858</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit C-3**

**Page 1 of 2**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
<b>Revenues</b>				
5700	Local and Intermediate Sources	\$ 54,893,661	\$ 28,093,337	\$ 7,822,633
5800	State Program Revenues	35,994,660	501,753	-
5900	Federal Program Revenues	1,631,471	-	-
<b>5020</b>	<b>Total Revenues</b>	<b>92,519,792</b>	<b>28,595,090</b>	<b>7,822,633</b>
<b>Expenditures</b>				
Current:				
0011	Instruction	51,548,144	-	-
0012	Instruction Resources and Media Services	651,661	-	-
0013	Curriculum and Staff Development	1,353,726	-	-
0021	Instructional Leadership	1,369,756	-	-
0023	School Leadership	4,520,254	-	-
0031	Guidance, Counseling and Evaluation Services	3,219,490	-	-
0032	Social Work Services	42,088	-	-
0033	Health Services	611,326	-	-
0034	Student Transportation	5,553,554	-	1,396,310
0035	Food Services	-	-	-
0036	Extracurricular Activities	2,321,303	-	185,310
0041	General Administration	3,346,239	-	-
0051	Facilities Maintenance and Operations	9,561,481	-	-
0052	Security and Monitoring Services	816,911	-	-
0053	Data Processing Services	2,610,154	-	-
0061	Community Services	1,977	-	-
Debt Service:				
0071	Principal on Long-Term Debt	23,455	12,125,000	7,271
0072	Interest on Long-Term Debt	5,381	17,429,012	-
0073	Bond Issuance Costs and Fees	-	223,379	3,131,719
Capital Outlay:				
0081	Facilities Acquisition and Construction	32,009	-	71,534,084
Intergovernmental:				
0093	Payments Related To Shared Services Arrangements	157,685	-	-
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	33,300	-	-
0099	Other Intergovernmental Charges	750,156	-	-
<b>6030</b>	<b>Total Expenditures</b>	<b>88,530,050</b>	<b>29,777,391</b>	<b>76,254,694</b>
<b>1100</b>	<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>3,989,742</b>	<b>(1,182,301)</b>	<b>(68,432,061)</b>
<b>Other Financing Sources (Uses):</b>				
7911	Capital-Related Debt Issued (Regular Bonds)	-	-	356,600,000
7912	Sale Of Real Or Personal Property	46,502	-	-
7915	Transfers In	-	7,861,809	-
7916	Premiums on Bond Issuance	-	-	17,864,545
8911	Transfers Out	-	-	(7,861,809)
8949	Property Tax Refunds	(139,704)	(65,334)	-
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>(93,202)</b>	<b>7,796,475</b>	<b>366,602,736</b>
1200	Net Change In Fund Balances	3,896,540	6,614,174	298,170,675
0100	<b>Fund Balance - September 1 (Beginning), restated</b>	<b>19,781,205</b>	<b>21,768,633</b>	<b>69,862,967</b>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 23,677,745</b>	<b>\$ 28,382,807</b>	<b>\$ 368,033,642</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit C-3**

**Page 2 of 2**

<b>Data Control Codes</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
5700	Local and Intermediate Sources	\$ 1,801,471	\$ 92,611,102
5800	State Program Revenues	1,003,193	37,499,606
5900	Federal Program Revenues	12,262,660	13,894,131
<b>5020</b>	<b>Total Revenues</b>	<b>15,067,324</b>	<b>144,004,839</b>
<b>Expenditures</b>			
Current:			
0011	Instruction	4,048,516	55,596,660
0012	Instruction Resources and Media Services	52,036	703,697
0013	Curriculum and Staff Development	1,657,816	3,011,542
0021	Instructional Leadership	332,509	1,702,265
0023	School Leadership	94,492	4,614,746
0031	Guidance, Counseling and Evaluation Services	1,262,676	4,482,166
0032	Social Work Services	42,088	84,176
0033	Health Services	136,832	748,158
0034	Student Transportation	51,285	7,001,149
0035	Food Services	4,875,129	4,875,129
0036	Extracurricular Activities	929,857	3,436,470
0041	General Administration	22,306	3,368,545
0051	Facilities Maintenance and Operations	290,403	9,851,884
0052	Security and Monitoring Services	290,615	1,107,526
0053	Data Processing Services	255,971	2,866,125
0061	Community Services	111,420	113,397
Debt Service:			
0071	Principal on Long-Term Debt	-	12,155,726
0072	Interest on Long-Term Debt	-	17,434,393
0073	Bond Issuance Costs and Fees	-	3,355,098
Capital Outlay:			
0081	Facilities Acquisition and Construction	3,263	71,569,356
Intergovernmental:			
0093	Payments Related To Shared Services Arrangements	-	157,685
0095	Payments To Juvenile Justice Alt. Ed. Prgm.	-	33,300
0099	Other Intergovernmental Charges	-	750,156
<b>6030</b>	<b>Total Expenditures</b>	<b>14,457,214</b>	<b>209,019,349</b>
<b>1100</b>	<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>610,110</b>	<b>(65,014,510)</b>
<b>Other Financing Sources (Uses):</b>			
7911	Capital-Related Debt Issued (Regular Bonds)	-	356,600,000
7912	Sale Of Real Or Personal Property	503	47,005
7915	Transfers In	-	7,861,809
7916	Premiums on Bond Issuance	-	17,864,545
8911	Transfers Out	-	(7,861,809)
8949	Property Tax Refunds	-	(205,038)
<b>7080</b>	<b>Total Other Financing Sources (Uses)</b>	<b>503</b>	<b>374,306,512</b>
1200	Net Change In Fund Balances	610,613	309,292,002
0100	<b>Fund Balance - September 1 (Beginning), restated</b>	<b>2,911,165</b>	<b>114,323,970</b>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<b>\$ 3,521,778</b>	<b>\$ 423,615,972</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**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, 2023**

**Exhibit C-4**

**Data  
Control  
Codes**

Net Change in Fund Balances - Total Governmental Funds \$ 309,292,002

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.

<b>1</b>	Capitalized expenditures reclassified to assets.	71,784,469
<b>2</b>	Depreciation and amortization expense taken to Statement of Activities.	(10,680,256)
<b>3</b>	Net effect of other retirements and adjustments to capital assets	(1,084,378)
<b>4</b>	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,100,840

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.

<b>5</b>	Proceeds from issuance of bonds	(356,600,000)
<b>6</b>	Principal paid on bonds and leases	12,148,455
<b>7</b>	Premium issued on bonds	(17,864,545)

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:

<b>8</b>	Increase in interest payable not recognized in the fund statements	(653,783)
<b>9</b>	Increase in accrued compensated absences payable	34,193
<b>10</b>	Amortization of premium/discount	2,249,301
<b>11</b>	Amortization of deferred charge on refunding	(311,016)
<b>12</b>	Changes in net pension liabilities and related deferred outflows and inflows of resources	(1,807,462)
<b>13</b>	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	1,556,936
<b>19</b>	<b>Change in Net Position of Governmental Activities</b>	<b>\$ 9,164,756</b>



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2023**

*Exhibit D-1*

	<b>Business-type Activities</b>		
	<b>Vending Fund</b>	<b>Technology Insurance Fund</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 135,949	\$ 135,949
Prepaid items	27	-	27
<b>Total Assets</b>	<u>27</u>	<u>135,949</u>	<u>135,976</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ 10,771	\$ -	\$ 10,771
Due to other funds	15,362	-	15,362
Accrued wages payable	786	-	786
<b>Total Liabilities</b>	<u>26,919</u>	<u>-</u>	<u>26,919</u>
<b>Net Position</b>			
Unrestricted	(26,892)	135,949	109,057
<b>Total Net Position</b>	<u>\$ (26,892)</u>	<u>\$ 135,949</u>	<u>\$ 109,057</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2023**

*Exhibit D-2*

	Business-type Activities		
	Vending Fund	Technology Insurance Fund	Total Enterprise Funds
<b>Operating Revenues</b>			
Local and Intermediate Sources	\$ 64,514	\$ 123,176	\$ 187,690
<b>Total Operating Revenues</b>	<u>64,514</u>	<u>123,176</u>	<u>187,690</u>
<b>Operating Expenses</b>			
Payroll Costs	15,817	-	15,817
Supplies and Materials	69,687	154,463	224,150
<b>Total Operating Expenses</b>	<u>85,504</u>	<u>154,463</u>	<u>239,967</u>
Operating Income (Loss)	<u>(20,990)</u>	<u>(31,287)</u>	<u>(52,277)</u>
<b>Net Position (Deficit) - September 1 (Beginning)</b>	<u>(5,902)</u>	<u>-</u>	<u>(5,902)</u>
Prior Period Adjustment	<u>-</u>	<u>167,236</u>	<u>167,236</u>
<b>Net Position (Deficit) - August 31 (Ending)</b>	<u>\$ (26,892)</u>	<u>\$ 135,949</u>	<u>\$ 109,057</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit D-3**

	<b>Business-type Activities</b>		
	<b>Vending Fund</b>	<b>Technology Insurance Fund</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 64,514	\$ 123,176	\$ 187,690
Payments to suppliers and service providers	(50,397)	(154,463)	(204,860)
Payments to employees for salaries and benefits	(15,186)	-	(15,186)
<b>Net Cash Provided by Operating Activities</b>	<u>(1,069)</u>	<u>(31,287)</u>	<u>(32,356)</u>
Net Decrease in Cash and Cash Equivalents	(1,069)	(31,287)	(32,356)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,069</u>	<u>167,236</u>	<u>168,305</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ -</u>	<u>\$ 135,949</u>	<u>\$ 135,949</u>
<b>Reconciliation to statement of net position:</b>			
Cash and cash equivalents	\$ -	\$ 135,949	\$ 135,949
<b>Cash and cash equivalents</b>	<u>\$ -</u>	<u>\$ 135,949</u>	<u>\$ 135,949</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>			
Operating Income (Loss)	\$ (20,990)	\$ (31,287)	\$ (52,277)
<b>Change in Assets and Liabilities:</b>			
(Increase) decrease in prepaid items	(27)	-	(27)
(Decrease) increase in accounts payable	3,955	-	3,955
(Decrease) increase in accrued wages payable	631	-	631
(Decrease) increase in interfund payables	15,362	-	15,362
Total adjustments	19,921	-	19,921
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (1,069)</u>	<u>\$ (31,287)</u>	<u>\$ (32,356)</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**August 31, 2023**

*Exhibit E-1*

	<u>Custodial Fund</u>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 252,351
<b>Total Assets</b>	<u>\$ 252,351</u>
 <b>Net Position</b>	
Restricted for student activities	<u>\$ 252,351</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended August 31, 2023**

*Exhibit E-2*

	<b>Custodial Fund</b>
<b>Additions</b>	
Revenues from student activities	\$ 387,156
<b>Total Additions</b>	<u>387,156</u>
<b>Deductions</b>	
Payments for student activities	<u>369,961</u>
<b>Total Deductions</b>	<u>369,961</u>
<b>Change in net position</b>	17,195
<b>Net Position - Beginning</b>	<u>235,156</u>
<b>Net Position - Ending</b>	<u><u>\$ 252,351</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 types:

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 two enterprise funds.
- *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 applicable and effective during fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) was issued in May 2020 and was effective for periods beginning after June 15, 2022. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District has evaluated the effects of this statement and has determined that its current subscription agreements and contracts do not meet the criteria of this statement.

**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*.

**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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**H. Capital Assets**

Capital assets, which include land, buildings, furniture and equipment, and right-to-use assets 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 assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
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

**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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.
- *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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. Deferred Outflows/Inflows of Resources (continued)**

- *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.

**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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

**O. Deficit Net Position**

The District's Vending Fund, an enterprise fund, has a deficit fund net position in the amount of \$26,892. 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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

**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.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**S. Leases (continued)**

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 remeasurement 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. The District's cash deposits at August 31, 2023 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.



**Note 2 - Deposits and Investments (continued)**

**B. Investments (continued)**

**District Policies and Legal and Contractual Provisions Governing Investments**

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, 2023, 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.

*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.

**Note 2 - Deposits and Investments (continued)**

**B. Investments (continued)**

As of August 31, 2023, the District's cash and investment balances, the weighted average maturity, and the credit ratings of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
<b>Governmental Activities</b>			
Cash and deposits	(\$3,002,046.00)	N/A	N/A
Certificate of deposit	2,183,433	230	N/A
<b>Investment Pools</b>			
Texas CLASS	369,351,261	40	AAA
Lone Star Corporate Overnight Plus Fund	50,058,276	44	AAA
Lone Star Government Overnight Fund	10,461,080	18	AAA
	<u>429,870,617</u>		
<b>Total Investments</b>	<u>432,054,050</u>	41	
<b>Total Governmental Activities</b>	<u>429,052,004</u>		
<b>Business-type Activities:</b>			
Cash and deposits	<u>135,949</u>	N/A	N/A
<b>Total Business-type Activities</b>	<u>135,949</u>		
<b>Fiduciary Funds</b>			
Cash and deposits	<u>252,351</u>	N/A	N/A
<b>Total Fiduciary Funds</b>	<u>252,351</u>		
<b>Total</b>	<u>\$ 429,440,304</u>		

**Note 3 - Receivables and Unearned Revenues**

Receivables as of August 31, 2023, 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>
<b>Governmental Activities</b>				
Property Taxes	\$ 4,048,801	\$ 1,874,553	\$ -	\$ 5,923,354
Due from other governments	5,928,328	-	2,832,711	8,761,039
Other Receivables	866	-	-	866
Gross receivables	9,977,995	1,874,553	2,832,711	14,685,259
Less: Allowance for doubtful accounts	(71,872)	(33,754)	-	(105,626)
<b>Net Total Governmental Activities</b>	<u>9,906,123</u>	<u>1,840,799</u>	<u>2,832,711</u>	<u>14,579,633</u>
<b>Net Total Receivables</b>	<u>\$ 9,906,123</u>	<u>\$ 1,840,799</u>	<u>\$ 2,832,711</u>	<u>\$ 14,579,633</u>

Unearned revenue at year end consisted of the following:

	<u>State Entitlements</u>
General fund	\$ 111,356
<b>Total Unearned Revenue</b>	<u>\$ 111,356</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 transferred \$7,861,809 to the Debt Service Fund from the Capital Projects Fund representing capitalized interest received in the Series 2023 and Series 2023A bond issuances.

As of August 31, 2023, 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	\$ 2,517,781	\$ 2,517,781
Capital Projects Fund	9,786,001	9,786,001
Enterprise Fund	15,362	15,362
<b>Total</b>	<u>\$ 12,319,144</u>	<u>\$ 12,319,144</u>

**Note 5 - Capital Assets**

Capital asset activity for the governmental activities of the District for the year ended August 31, 2023, are as follows:

	<u>September 01, 2022</u>	<u>Additions</u>	<u>(Transfers, Adjustments, and Retirements)</u>	<u>August 31, 2023</u>
<b>Governmental Activities:</b>				
<b>Capital assets, not being depreciated/amortized:</b>				
Land	\$ 15,152,974	\$ 5,432,861	\$ -	\$ 20,585,835
Construction in progress	34,326,882	23,970,810	(32,749,025)	25,548,667
<b>Total Capital assets, not being depreciated/amortized</b>	<u>49,479,856</u>	<u>29,403,671</u>	<u>(32,749,025)</u>	<u>46,134,502</u>
<b>Capital assets, being depreciated/amortized:</b>				
Buildings & Improvements	342,303,798	68,876,529	(1,560,059)	409,620,268
Furniture & Equipment	7,604,490	4,629,661	(1,067,803)	11,166,348
Vehicles	12,371,706	1,623,633	(3,274,100)	10,721,239
Right-to-use leased equipment	103,721	-	-	103,721
<b>Total Capital assets, being depreciated/amortized</b>	<u>362,383,715</u>	<u>75,129,823</u>	<u>(5,901,962)</u>	<u>431,611,576</u>
<b>Less accumulated depreciation/amortization for:</b>				
Buildings & Improvements	(52,077,781)	(8,467,195)	797,838	(59,747,138)
Furniture & Equipment	(3,461,129)	(951,389)	996,396	(3,416,122)
Vehicles	(7,885,314)	(1,237,008)	3,023,350	(6,098,972)
Right-to-use leased equipment	(24,191)	(24,664)	-	(48,855)
<b>Total Accumulated depreciation/amortization</b>	<u>(63,448,415)</u>	<u>(10,680,256)</u>	<u>4,817,584</u>	<u>(69,311,087)</u>
<b>Governmental Capital Assets</b>	<u>\$ 348,415,156</u>	<u>\$ 93,853,238</u>	<u>\$ (33,833,403)</u>	<u>\$ 408,434,991</u>

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

<u>Function</u>	<u>Depreciation and Amortization Expense</u>
<b>Governmental Activities:</b>	
Instruction	\$ 6,285,637
Instructional resources and media services	79,264
Curriculum and staff development	164,658
Instructional leadership	166,608
School leadership	557,010
Guidance, counseling and evaluation services	391,598
Social work services	5,119
Health services	74,358
Student transportation	675,498
Extracurricular activities	283,652
General administration	412,336
Facilities maintenance and operations	1,167,539
Security and monitoring services	99,257
Data processing services	317,482
Community services	240
<b>Total Governmental Activities</b>	<u>\$ 10,680,256</u>

**Note 5 - Capital Assets (continued)**

**Construction Commitments**

The District has active construction projects as of August 31, 2023 including renovations and site improvements. All accumulated resources for capital projects are restricted. At August 31, 2023, estimated construction commitments with contractors were as follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
Waller Junior High	\$ 58,676,875	\$ 2,529,672	\$ 56,147,203
Renovation of Waller HS to Schultz Junior High	8,790,000	283,458	8,506,542
Renovation of Schultz JHS to Holleman ES	5,082,000	28,338	5,053,663
Roberts Road ES Security Vestibule	974,167	98,112	876,055
FSE Chiller/Pump Repl	870,743	34,688	836,056
Tech Generator	95,000	10,380	84,620
Waller Elem #6	38,515,795	10,811,601	27,704,194
Waller Elem #7	39,330,299	10,776,807	28,553,492
Ag Facility	11,775,645	383,314	11,392,331
ESC	51,189,156	592,297	50,596,859
	<u>\$ 215,299,680</u>	<u>\$ 25,548,667</u>	<u>\$ 189,751,013</u>

**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, 2023, is as follows:

<b>Description</b>	<b>Original Issuance Amount</b>	<b>Interest Rate (%)</b>	<b>Balance 9/1/22</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 8/31/23</b>	<b>Due in One Year</b>
Refunding Bonds, Series 2013	\$ 5,525,000	3.00% to 3.50%	\$ 625,000	\$ -	\$ (625,000)	\$ -	\$ -
Refunding Bonds, Series 2014	8,500,000	3.00% to 4.00%	3,090,000	-	(1,515,000)	1,575,000	1,575,000
Refunding Bonds, Series 2015	7,180,000	4%	7,180,000	-	(4,465,000)	2,715,000	-
Building Bonds, Series 2016	93,545,000	2.50% to 5.00%	83,935,000	-	(1,610,000)	82,325,000	1,690,000
Building Bonds, Series 2020	205,805,000	2.00% to 5.00%	203,400,000	-	(2,520,000)	200,880,000	2,650,000
Building Bonds, Series 2020A	67,810,000	2.00% to 5.00%	67,810,000	-	(1,390,000)	66,420,000	1,460,000
Building Bonds, Series 2023	169,200,000	4.00% to 5.00%	-	169,200,000	-	169,200,000	-
Building Bonds, Series 2023A	187,400,000	4.00% to 5.00%	-	187,400,000	-	187,400,000	-
Total			<u>366,040,000</u>	<u>356,600,000</u>	<u>(12,125,000)</u>	<u>710,515,000</u>	<u>7,375,000</u>
Other District Obligations:							
Premium on Bonds			41,677,276	17,864,545	(2,249,301)	57,292,520	-
Leases Payable			82,342	-	(23,455)	58,887	25,276
Compensated Absences			69,164	-	(34,193)	34,971	6,234
Total Other Obligations			<u>41,828,782</u>	<u>17,864,545</u>	<u>(2,306,949)</u>	<u>57,386,378</u>	<u>31,510</u>
Total District Obligations			<u>\$ 407,868,782</u>	<u>\$ 374,464,545</u>	<u>\$ (14,431,949)</u>	<u>\$ 767,901,378</u>	<u>\$ 7,406,510</u>

**Note 6 - Long-Term Liabilities (continued)**

**General Obligation Bonds (continued)**

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2023. Debt service requirements for bonds are as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2024	\$ 7,375,000	\$ 28,987,638	\$ 36,362,638
2025	7,745,000	28,982,675	36,727,675
2026	9,880,000	28,586,425	38,466,425
2027	12,360,000	28,062,450	40,422,450
2028	14,225,000	27,389,400	41,614,400
2029-2033	96,415,000	123,956,525	220,371,525
2034-2038	131,350,000	97,924,325	229,274,325
2039-2043	126,615,000	72,421,300	199,036,300
2044-2048	167,710,000	42,147,648	209,857,648
2049-2053	136,840,000	11,906,633	148,746,633
	<u>\$ 710,515,000</u>	<u>\$ 490,365,019</u>	<u>\$ 1,200,880,019</u>

In February 2023, the District issued \$169,200,000 in Unlimited Tax School Building Bonds, Series 2023 to (i) construct three elementary schools, (ii) purchase sites for school buildings, (iii) safety and security upgrade for all instructional facilities, (iv) the purchase of new buses, and (v) payment of costs associated the bond issuance. The bonds mature through February 2053, at interest rates ranging 4.00% - 5.00%.

In April 2023, the Board authorized a cash defeasance of certain outstanding maturities of the District's outstanding Unlimited Tax Refunding Bonds, Series 2013 in the amount of \$325,000 and the Unlimited Tax Refunding Bonds, Series 2015 in the amount of \$4,465,000. This cash defeasance was made with current financial resources, as such, there is not a cash flow difference between the defeased debt and the new debt nor a net present value savings.

In August 2023, the District issued \$187,700,000 in Unlimited Tax School Building Bonds, Series 2023A to (i) construct three elementary schools, (ii) purchase sites for school buildings, (iii) safety and security upgrade for all instructional facilities, (iv) the purchase of new buses, and (v) payment of costs associated the bond issuance. The bonds mature through February 2053, at interest rates ranging 4.00% - 5.00%.

**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, 2023, 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:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>	<b>Nonmajor Enterprise Funds</b>
Property Taxes	\$ 53,358,417	\$ 27,242,552	\$ -	\$ -	\$ 80,600,969	\$ -
Tuition and Fees	150,194	-	-	-	150,194	-
Food Service Activity	-	-	-	856,995	856,995	64,514
Rent	34,970	-	-	-	34,970	-
Extracurricular Activities	155,437	-	-	-	155,437	-
Insurance	228,331	-	-	-	228,331	123,176
Investment Income	726,252	850,785	7,819,337	-	9,396,374	-
Donations and gifts	30,469	-	-	-	30,469	-
Grants	-	-	-	944,476	944,476	-
Other	155,227	-	3,296	-	158,523	-
<b>Total</b>	<b>\$ 54,839,297</b>	<b>\$ 28,093,337</b>	<b>\$ 7,822,633</b>	<b>\$ 1,801,471</b>	<b>\$ 92,556,738</b>	<b>\$ 187,690</b>

**Note 8 - 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, 2023, was \$58,887. 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, 2023, were as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
<b>August 31</b>			
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>\$ 58,887</u>	<u>\$ 5,523</u>	<u>\$ 64,410</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.

	<b>Contribution Rates</b>	
	<b>Fiscal Year</b>	
	<b>2023</b>	<b>2022</b>
Member (Employee)	8.00%	7.70%
Non-employer contributing agency (State)	7.75%	7.50%
District	7.75%	7.50%

	<b>Fiscal Year 2023</b>
Employer (District)	\$ 2,725,765
Employee (Member)	5,441,279
Non-employer Contributing Entity	
On-behalf Contributions (State)	3,682,057

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, 2021 actuarial valuation, rolled forward to August 31, 2022, was determined using the following actuarial assumptions:

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
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, 2021. These assumptions are further described the 2022 TRS ACFR, which includes actuarial valuation report dated November 12, 2021.

**Discount Rate**

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent. The projection of 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 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**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, 2022, are summarized below:

<b>Asset Class<sup>1</sup></b>	<b>Target Allocation<sup>2</sup></b>	<b>Long-Term Expected Geometric Real Rate of Return<sup>3</sup></b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
<b>Real Return</b>			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
<b>Risk Parity</b>	8.00%	4.60%	0.43%
<b>Leverage</b>			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag <sup>4</sup>			-0.91%
<b>Expected Return</b>	<b>100.00%</b>		<b>8.21%</b>

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the fiscal year 2022 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis**

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	<b>Discount Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
District's proportional share of the net pension liability	\$ 47,290,281	\$ 30,399,619	\$ 16,708,945

**Note 9 - Defined Benefit Pension Plan (continued)**

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

At August 31, 2023, the District reported a liability of \$30,399,619 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	\$ 30,399,619
State's proportionate share that is associated with the District	<u>39,907,833</u>
<b>Total</b>	<u><u>\$ 70,307,452</u></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, 2021 through August 31, 2022.

At August 31, 2023, the District's proportion of the collective net pension liability was 0.0512% which was an increase of 0.0039% from its proportion measured as of August 31, 2021.

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.

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

For the year ended August 31, 2023, the District recognized pension expense of \$4,534,015. The District also recognized an additional on-behalf revenue and expense of \$3,814,736 representing for support provided by the State.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 440,792	\$ (662,769)
Changes in assumptions	5,664,438	(1,411,736)
Net difference between projected and actual earnings on pension plan investments	3,003,385	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,156,914	(98,323)
District contributions subsequent to the measurement date	<u>2,725,764</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 14,991,293</u></u>	<u><u>\$ (2,172,828)</u></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 will be recognized as a reduction of the net pension liability in the year ending August 31, 2024. 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:

<b>Year ended August 31,</b>	<b>Pension Expense Amount</b>
2024	\$ 2,946,436
2025	1,905,339
2026	766,252
2027	3,802,970
2028	671,704
Thereafter	-
	<u>\$ 10,092,701</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](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.

	<b>TRS-Care Monthly for Retirees</b>	
	<b>Medicare</b>	<b>Non-Medicare</b>
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.

	<b>Contribution Rates</b>	
	<b>2023</b>	<b>2022</b>
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%

	<b>Fiscal Year 2023</b>	
Employer (District)	\$	595,973
Employee (Member)		442,108
Non-employer Contributing Entity		
On-behalf Contributions (State)		784,969

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, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. 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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth. Rates of Mortality General Inflation Rates of Retirement Wage Inflation Rates of Termination Expected Payroll Growth Rates of Disability.

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

The actuarial valuation was determined using the following actuarial assumptions:

<b>Component</b>	<b>Result</b>
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.
Election Rates	Normal Retirement: 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees: 30 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**

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was a decrease of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2022 using the fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

**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 (3.91%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.91%)	Current Rate (3.91%)	1% Increase (4.91%)
District's proportionate share of the Net OPEB Liability	\$ 18,722,172	\$ 15,878,637	\$ 13,575,009

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

At August 31, 2023, the District reported a liability of \$15,878,637 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	\$ 15,878,637
State's proportionate share that is associated with District	19,369,443
<b>Total</b>	<u>\$ 35,248,080</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the District’s proportion of the collective Net OPEB Liability was 0.0663% which was an increase of 0.0024% from its proportion measured as of August 31, 2021.

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	\$ 13,084,068	\$ 15,878,637	\$ 19,501,436

**Changes Since the Prior Actuarial Valuation**

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB liability. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB liability.

For the year ended August 31, 2023, the District recognized negative OPEB expense of \$960,955. The District also recognized negative on-behalf expense and revenue of \$2,748,680 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 882,796	\$ (13,228,330)
Changes in actuarial assumptions	2,418,631	(11,031,532)
Difference between projected and actual investment earnings	47,299	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,955,183	-
Contributions paid to TRS subsequent to the measurement date	595,973	-
<b>Total</b>	<b>\$ 9,899,882</b>	<b>\$ (24,259,862)</b>

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 year ending August 31, 2024. 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
2024	\$ (2,769,856)
2025	(2,769,685)
2026	(2,096,331)
2027	(1,184,714)
2028	(1,909,354)
Thereafter	(4,226,013)
	<b>\$ (14,955,953)</b>

**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, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$344,213, \$245,505, and \$272,780, 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, 2023 was \$34,971 and is presented as other long-term liabilities in the these financial statements.

**Note 12 - Prior Period Adjustments**

In the current year, management created a new enterprise fund to account for the technology insurance program where rates and fee are paid by parents and students. Previously, the resources of this activity were reported in the general fund as an asset and liability. As such, the creation of this enterprise fund had no effect on the general fund. The effect of creating this new fund is summarized as follows:

	<u><b>Business-type Activities</b></u>	<u><b>Technolgy Insurance Fund</b></u>
Net position/Fund Balance at August 31, 2022, as previously reported	\$ (5,902)	\$ -
Prior period adjustment: Establish new enterprise fund	<u>167,236</u>	<u>167,236</u>
Net position/Fund Balance at September 1, 2022, as restated	<u><u>\$ 161,334</u></u>	<u><u>\$ 167,236</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**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, 2023**

**Exhibit G-1**

Data Control Codes		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
	<b>Revenues</b>				
5700	Local revenues	\$ 52,722,376	\$ 54,568,947	\$ 54,893,661	\$ 324,714
5800	State program revenues	36,702,894	35,846,037	35,994,660	148,623
5900	Federal program revenues	1,119,061	1,516,558	1,631,471	114,913
<b>5000</b>	<b>Total revenues</b>	<b>90,544,331</b>	<b>91,931,542</b>	<b>92,519,792</b>	<b>588,250</b>
	<b>Expenditures</b>				
	Current:				
0011	Instruction	52,420,205	52,305,110	51,548,144	756,966
0012	Instructional resources and media services	581,635	661,526	651,661	9,865
0013	Curriculum and staff development	1,851,266	1,652,515	1,353,726	298,789
0021	Instructional leadership	1,455,371	1,390,314	1,369,756	20,558
0023	School leadership	4,842,405	4,630,282	4,520,254	110,028
0031	Guidance, counseling and evaluation services	3,420,010	3,295,309	3,219,490	75,819
0032	Social work services	42,738	42,738	42,088	650
0033	Health services	563,179	620,261	611,326	8,935
0034	Student transportation	6,273,135	7,411,583	5,553,554	1,858,029
0036	Extracurricular activities	2,194,532	2,372,579	2,321,303	51,276
0041	General administration	3,228,077	3,423,723	3,346,239	77,484
0051	Facilities maintenance and operations	9,199,037	9,816,361	9,561,481	254,880
0052	Security and monitoring services	1,013,303	816,592	816,911	(319)
0053	Data processing services	2,885,100	2,878,480	2,610,154	268,326
0061	Community services	2,777	2,799	1,977	822
	<b>Debt Service:</b>				
0071	Principal on long-term debt	-	-	23,455	(23,455)
0072	Interest on long-term debt	-	-	5,381	(5,381)
	<b>Capital Outlay:</b>				
0081	Capital Outlay	11,277	68,437	32,009	36,428
	<b>Intergovernmental:</b>				
0093	Payments related to shared services arrangements	217,518	217,518	157,685	59,833
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	25,000	165,600	33,300	132,300
0099	Other governmental charges	925,821	925,821	750,156	175,665
<b>6030</b>	<b>Total Expenditures</b>	<b>91,152,386</b>	<b>92,697,548</b>	<b>88,530,050</b>	<b>4,167,498</b>
1100	Excess (deficiency) of revenues over expenditures	(608,055)	(766,006)	3,989,742	4,755,748
	<b>Other Financing Sources (Uses):</b>				
7912	Sale of real or personal property	-	40,000	46,502	6,502
8949	Property Tax Refunds	-	(200,000)	(139,704)	60,296
<b>7080</b>	<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(160,000)</b>	<b>(93,202)</b>	<b>66,798</b>
1200	Net change in fund balances	(608,055)	(926,006)	3,896,540	4,822,546
0100	<b>Fund Balance - September 1 Beginning</b>	<b>19,781,205</b>	<b>19,781,205</b>	<b>19,781,205</b>	<b>-</b>
<b>3000</b>	<b>Fund Balance - August 31 Ending</b>	<b>\$ 19,173,150</b>	<b>\$ 18,855,199</b>	<b>\$ 23,677,745</b>	<b>\$ 4,822,546</b>

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

**Exhibit G-2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net pension liability	0.0512%	0.0473%	0.0474%	0.0448%	0.0432%
District's proportionate share of the net pension liability	\$ 30,399,619	\$ 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	<u>39,907,833</u>	<u>19,414,825</u>	<u>41,071,207</u>	<u>36,991,861</u>	<u>36,752,043</u>
<b>Total</b>	<u>\$ 70,307,452</u>	<u>\$ 31,454,636</u>	<u>\$ 66,440,001</u>	<u>\$ 60,278,475</u>	<u>\$ 60,535,915</u>
District's covered payroll (for Measurement Year)	\$ 61,662,561	\$ 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	49.30%	20.01%	42.88%	39.37%	46.05%
Plan fiduciary net position as a percentage of the total pension liability *	75.65%	88.79%	75.54%	75.24%	73.74%
Plan's net pension liability as a percentage of covered payroll *	112.72%	51.08%	110.36%	114.93%	126.11%

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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	<u>22,878,550</u>	<u>25,196,619</u>	<u>22,640,492</u>	<u>18,567,648</u>
<b>Total</b>	<u>\$ 33,251,408</u>	<u>\$ 38,136,042</u>	<u>\$ 35,207,368</u>	<u>\$ 21,445,728</u>
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 Ten Fiscal Years Ended August 31**

**Exhibit G-3**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contributions	\$ 2,725,765	\$ 2,388,630	\$ 2,018,408	\$ 1,258,220	\$ 1,566,775
Contributions in relation to the contractually required contributions	<u>2,725,765</u>	<u>2,388,630</u>	<u>2,018,408</u>	<u>1,258,220</u>	<u>1,566,775</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 68,017,884	\$ 61,662,561	\$ 60,160,603	\$ 59,154,222	\$ 51,646,430
Contributions as a percentage of covered payroll	4.01%	3.87%	3.36%	2.13%	3.03%
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
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	<u>1,454,019</u>	<u>1,063,224</u>	<u>1,087,945</u>	<u>1,052,686</u>	<u>557,911</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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 Six Measurement Years**

**Exhibit G-4**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's proportion of the net OPEB liability	0.0663%	0.0639%	0.0638%	0.0599%
District's proportionate share of the net OPEB liability	\$ 15,878,637	\$ 24,632,785	\$ 24,255,083	\$ 28,347,753
State's proportionate share of the net OPEB liability associated with the District	19,369,443	33,002,442	32,593,017	37,667,824
<b>Total</b>	<b>\$ 35,248,080</b>	<b>\$ 57,635,227</b>	<b>\$ 56,848,100</b>	<b>\$ 66,015,577</b>
District's covered payroll (for Measurement Year)	\$ 61,662,561	\$ 60,160,603	\$ 59,159,804	\$ 59,159,804
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.75%	40.95%	41.00%	47.92%
Plan fiduciary net position as a percentage of the total OPEB liability *	11.52%	6.18%	4.99%	2.66%
Plan's net OPEB liability as a percentage of covered payroll *	59.10%	100.13%	101.46%	135.21%
	<b>2018</b>	<b>2017</b>		
District's proportion of the net OPEB liability	0.0566%	0.0005%		
District's proportionate share of the net OPEB liability	\$ 28,278,913	\$ 21,700,169		
State's proportionate share of the net OPEB liability associated with the District	39,998,365	32,940,792		
<b>Total</b>	<b>\$ 68,277,278</b>	<b>\$ 54,640,961</b>		
District's covered payroll (for Measurement Year)	\$ 59,154,222	\$ 41,945,655		
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.81%	51.73%		
Plan fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%		
Plan's net OPEB liability as a percentage of covered payroll *	146.64%	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 Six Fiscal Years Ended August 31**

**Exhibit G-5**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually required contributions	\$ 595,973	\$ 544,668	\$ 498,871	\$ 443,703
Contributions in relation to the contractually required contributions	595,973	544,668	498,871	443,703
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 68,017,884	\$ 61,662,561	\$ 60,160,603	\$ 59,154,222
Contributions as a percentage of covered payroll	0.88%	0.88%	0.83%	0.75%
	<b>2019</b>	<b>2018</b>		
Contractually required contributions	\$ 424,896	\$ 391,237		
Contributions in relation to the contractually required contributions	424,896	391,237		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
District's covered payroll	\$ 51,646,431	\$ 46,817,623		
Contributions as a percentage of covered payroll	0.82%	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**

2022: The discount rate changed from 7.25% to 7.00%.

2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

**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**

2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

##### ***Changes in Benefit Terms***

There were no changes in benefit terms in the 2022 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	<b>ESEA, Title I, Pt A - Improving Basic Education</b> - 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	<b>IDEA, Part B - Formula</b> - salaries and supplies to aid children with disabilities with low reading achievement.
225	<b>IDEA, Part B - Preschool</b> - aids preschool students with disabilities.
240	<b>Child Nutrition</b> - fund used to account for food services in a special revenue fund when the service is subsidized with federal reimbursement revenues from the USDA.
242	<b>Summer Feeding Program</b> - code is used to account for funds received from the Texas Department of Agriculture for meals provided to the community based on the average number of daily participants.
244	<b>Career and Technical Education</b> - 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	<b>ESEA, Title II, Part A - Supporting Effective Instruction</b> - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	<b>ESEA, Title III, Part A - BIL/ESL</b> -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	<b>TCLAS ESSER III</b> - 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	<b>American Rescue Plan (ARP), Homeless I - Texas Education for the Homeless Children and Youth Supplemental</b> - 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	<b>Elementary and Secondary School Emergency Relief Fund II (ESSER II) of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</b> - 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	<b>ESSER III of the American Rescue Plan Act of 2021</b> - 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)**

<b>Fund Number</b>	<b>Fund Name &amp; Description</b>
<b>284</b>	<b>IDEA – Part B, Formula-ARP</b> - accounts for funding through the ARP Act for programs focused on special education and related services to children with disabilities ages 3-21.
<b>285</b>	<b>IDEA – Part B, Preschool-ARP</b> - accounts for funding through the ARP Act for programs focused on special education and related services to preschool children with disabilities.
<b>287</b>	<b>Emergency Connectivity Fund</b> - 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.
<b>288</b>	<b>LEP Summer School</b> - 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
<b>289</b>	<b>Title IV Part A</b> - 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.
<b>385</b>	<b>State Supplemental Visually Impaired (SSVI)</b> - 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.
<b>397</b>	<b>Advanced Placement Incentives</b> - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
<b>410</b>	<b>State Instructional Materials Fund</b> - provides funds to purchase instructional materials, technological equipment and technology-related services.
<b>429</b>	<b>Safety and Security Grant</b> - provides funding to public schools for additional safety and security equipment (campus hardening).
<b>461</b>	<b>Campus Activity</b> - 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.
<b>481</b>	<b>Tri County Health Alliance</b> - grant award for the purchase of clinic supplies and clinic equipment for all eight campus clinics.
<b>499</b>	<b>Miscellaneous Donations/Grants</b> - 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, 2023**

**Exhibit H-1**  
**Page 1 of 6**

		211	224	225	240
Data Control Codes		ESEA, Title I, Pt A - Improving Basic Ed.			
		Ed.	IDEA B - Formula	IDEA B - Preschool	Child Nutrition
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,448,700
1240	Receivables from other governments	945,628	425,736	1,000	10,903
1410	Prepaid items	5,759	4,824	-	8,811
1000	Total Assets	\$ 951,387	\$ 430,560	\$ 1,000	\$ 3,468,414
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 2,001	\$ -	\$ 209,397
2160	Accrued wages payable	52,851	103,155	-	88,214
2170	Due to other funds	891,337	325,404	1,000	-
2180	Due to other governments	7,199	-	-	-
2000	Total Liabilities	951,387	430,560	1,000	297,611
Fund Balance:					
Non-Spendable:					
3430	Prepaid items	5,759	4,824	-	-
Restricted:					
3450	Federal/State funds grant restrictions	-	-	-	3,170,803
Committed:					
3545	Campus activities	-	-	-	-
3600	Unassigned	(5,759)	(4,824)	-	-
3000	Total Fund Balance	-	-	-	3,170,803
4000	Total Liabilities and Fund Balances	\$ 951,387	\$ 430,560	\$ 1,000	\$ 3,468,414

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2023**

**Exhibit H-1**  
**Page 2 of 6**

Data Control Codes		242	244	255 ESEA, Title II, Pt A - Supporting Effective Instruction	263 ESEA, Title III, Pt A - BIL/ESL
		Summer Feeding Program	Career and Technical Education		
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ 31,635	\$ -	\$ -	\$ -
1240	Receivables from other governments	-	75,160	52,434	64,115
1410	Prepaid items	-	-	1,235	1,143
1000	<b>Total Assets</b>	<u>\$ 31,635</u>	<u>\$ 75,160</u>	<u>\$ 53,669</u>	<u>\$ 65,258</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	730	18,610
2170	Due to other funds	-	75,160	52,939	46,648
2180	Due to other governments	-	-	-	-
2000	<b>Total Liabilities</b>	<u>-</u>	<u>75,160</u>	<u>53,669</u>	<u>65,258</u>
	<b>Fund Balance:</b>				
	<b>Non-Spendable:</b>				
3430	Prepaid items	-	-	1,235	1,143
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	31,635	-	-	-
	<b>Committed:</b>				
3545	Campus activities	-	-	-	-
3600	<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>(1,235)</u>	<u>(1,143)</u>
3000	<b>Total Fund Balance</b>	<u>31,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 31,635</u>	<u>\$ 75,160</u>	<u>\$ 53,669</u>	<u>\$ 65,258</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2023**

**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)
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from other governments	100,716	7,593	312,531	235,166
1410	Prepaid items	-	-	2,114	1,675
1000	<b>Total Assets</b>	<u>\$ 100,716</u>	<u>\$ 7,593</u>	<u>\$ 314,645</u>	<u>\$ 236,841</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	74,554
2170	Due to other funds	100,716	7,593	314,645	162,287
2180	Due to other governments	-	-	-	-
2000	<b>Total Liabilities</b>	<u>100,716</u>	<u>7,593</u>	<u>314,645</u>	<u>236,841</u>
	<b>Fund Balance:</b>				
	<b>Non-Spendable:</b>				
3430	Prepaid items	-	-	2,114	1,675
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	-
	<b>Committed:</b>				
3545	Campus activities	-	-	-	-
3600	<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>(2,114)</u>	<u>(1,675)</u>
3000	<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 100,716</u>	<u>\$ 7,593</u>	<u>\$ 314,645</u>	<u>\$ 236,841</u>



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2023**

**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
	<b>Assets</b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 4,424
1240	Receivables from other governments	185,900	7,926	-	-
1410	Prepaid items	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 185,900</u>	<u>\$ 7,926</u>	<u>\$ -</u>	<u>\$ 4,424</u>
	<b>Liabilities and Fund Balances</b>				
	<b>Liabilities:</b>				
	Current Liabilities:				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	185,900	7,926	-	-
2180	Due to other governments	-	-	-	-
2000	<b>Total Liabilities</b>	<u>185,900</u>	<u>7,926</u>	<u>-</u>	<u>-</u>
	<b>Fund Balance:</b>				
	<b>Non-Spendable:</b>				
3430	Prepaid items	-	-	-	-
	<b>Restricted:</b>				
3450	Federal/State funds grant restrictions	-	-	-	4,424
	<b>Committed:</b>				
3545	Campus activities	-	-	-	-
3600	<b>Unassigned</b>	-	-	-	-
3000	<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 185,900</u>	<u>\$ 7,926</u>	<u>\$ -</u>	<u>\$ 4,424</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2023**

**Exhibit H-1**  
**Page 5 of 6**

		289	385	397	410
Data Control Codes		Title IV Part A	Visually Impaired State	Advanced Placement Incentive	State Instructional Materials Fund
	Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 1,336	\$ 28,148
1240	Receivables from other governments	56,930	-	-	-
1410	Prepaid items	450	-	-	-
1000	<b>Total Assets</b>	<u>\$ 57,380</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 28,148</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	4,064	-	-	-
2170	Due to other funds	53,316	-	-	-
2180	Due to other governments	-	-	-	-
2000	<b>Total Liabilities</b>	<u>57,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance:</b>					
<b>Non-Spendable:</b>					
3430	Prepaid items	450	-	-	-
<b>Restricted:</b>					
3450	Federal/State funds grant restrictions	-	-	1,336	28,148
<b>Committed:</b>					
3545	Campus activities	-	-	-	-
3600	<b>Unassigned</b>	<u>(450)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>1,336</u>	<u>28,148</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 57,380</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 28,148</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2023**

**Exhibit H-1**  
**Page 6 of 6**

Data Control Codes		429	461	481	499	Total Nonmajor Governmental Funds
		Safety & Security Grant	Campus Activity Funds	Tri County Health Alliance	Back to School	
	<b>Assets</b>					
1110	Cash and cash equivalents	\$ -	\$ 280,446	\$ 2,939	\$ 2,047	\$ 3,799,675
1240	Receivables from other governments	350,973	-	-	-	2,832,711
1410	Prepaid items	1,988	-	-	-	27,999
1000	<b>Total Assets</b>	<u>\$ 352,961</u>	<u>\$ 280,446</u>	<u>\$ 2,939</u>	<u>\$ 2,047</u>	<u>\$ 6,660,385</u>
	<b>Liabilities and Fund Balances</b>					
	<b>Liabilities:</b>					
	Current Liabilities:					
2110	Accounts payable	\$ 23,046	\$ -	\$ -	\$ -	\$ 234,444
2160	Accrued wages payable	37,005	-	-	-	379,183
2170	Due to other funds	292,910	-	-	-	2,517,781
2180	Due to other governments	-	-	-	-	7,199
2000	<b>Total Liabilities</b>	<u>352,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,607</u>
	<b>Fund Balance:</b>					
	<b>Non-Spendable:</b>					
3430	Prepaid items	1,988	-	-	-	19,188
	<b>Restricted:</b>					
3450	Federal/State funds grant restrictions	-	-	2,939	2,047	3,241,332
	<b>Committed:</b>					
3545	Campus activities	-	280,446	-	-	280,446
3600	<b>Unassigned</b>	<u>(1,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,188)</u>
	<b>Total Fund Balance</b>	<u>-</u>	<u>280,446</u>	<u>2,939</u>	<u>2,047</u>	<u>3,521,778</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 352,961</u>	<u>\$ 280,446</u>	<u>\$ 2,939</u>	<u>\$ 2,047</u>	<u>\$ 6,660,385</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit H-2**

**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
Revenues					
5700	Local and Intermediate Sources	\$ 293	\$ 5	\$ -	\$ 856,995
5800	State Program Revenues	-	-	-	52,419
5900	Federal Program Revenues	1,591,178	1,335,094	7,928	4,824,849
5020	Total Revenues	1,591,471	1,335,099	7,928	5,734,263
Expenditures					
Current:					
0011	Instruction	829,105	189,605	7,062	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	554,779	111,946	10	-
0021	Instructional Leadership	63,795	-	-	-
0023	School Leadership	33,465	100	-	-
0031	Guidance, Counseling and Evaluation Services	3,963	1,033,448	856	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	4,823,941
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	208,474
0052	Security and Monitoring Services	1,857	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	104,507	-	-	-
Capital outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	1,591,471	1,335,099	7,928	5,032,415
1100	Excess (deficiency) of revenues over expenditures	-	-	-	701,848
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	-	503
Total Other Financing Sources (Uses)					
		-	-	-	503
1200	Net change in fund balances	-	-	-	702,351
0100	Fund Balance - September 1 (Beginning)	-	-	-	2,468,452
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 3,170,803

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit H-2**

**Page 2 of 6**

Data Control Codes		242	244	255	263
		Summer Feeding Program	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	47,724	86,574	258,978	248,595
5020	Total Revenues	47,724	86,574	258,978	248,595
	Expenditures				
	Current:				
0011	Instruction	-	79,074	233	221,162
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	253,245	21,640
0021	Instructional Leadership	-	7,500	-	-
0023	School Leadership	-	-	5,500	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	16,089	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	5,793
	Capital outlay:				
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	16,089	86,574	258,978	248,595
1100	Excess (deficiency) of revenues over expenditures	31,635	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	-	-
	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net change in fund balances	31,635	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ 31,635	\$ -	\$ -	\$ -

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit H-2**

**Page 3 of 6**

Data Control Codes		279	280	281	282
		TCLAS - ESSER III	ARP - Homeless II	ESSER II (CRRSA)	ESSER III (ARPA)
	<b>Revenues</b>				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	102,391	47,985	1,488,649	1,760,093
<b>5020</b>	<b>Total Revenues</b>	<u>102,391</u>	<u>47,985</u>	<u>1,488,649</u>	<u>1,760,093</u>
	<b>Expenditures</b>				
	Current:				
0011	Instruction	102,391	1,632	1,118,602	639,790
0012	Instructional Resources and Media Services	-	-	3,818	4,066
0013	Curriculum and Instructional Staff Development	-	-	89,833	329,485
0021	Instructional Leadership	-	46,353	7,354	207,507
0023	School Leadership	-	-	24,963	27,634
0031	Guidance, Counseling and Evaluation Services	-	-	24,526	25,979
0032	Social work services	-	-	-	42,088
0033	Health Services	-	-	4,523	34,040
0034	Student Transportation	-	-	24,334	26,951
0035	Food Services	-	-	16,584	18,515
0036	Cocurricular/Extracurricular Activities	-	-	1,729	1,827
0041	General Administration	-	-	6,782	15,524
0051	Facilities Maintenance and Operations	-	-	20,836	24,583
0052	Security and Monitoring Services	-	-	71,807	174,708
0053	Data Processing Services	-	-	70,306	185,665
0061	Community Services	-	-	557	563
	<b>Capital outlay:</b>				
0081	Facilities Acquisition and Construction	-	-	2,095	1,168
<b>6030</b>	<b>Total Expenditures</b>	<u>102,391</u>	<u>47,985</u>	<u>1,488,649</u>	<u>1,760,093</u>
<b>1100</b>	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>1200</b>	Net change in fund balances	-	-	-	-
0100	<b>Fund Balance - September 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**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
	<b>Revenues</b>				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	235,770	7,926	36,510	1,439
<b>5020</b>	<b>Total Revenues</b>	<u>235,770</u>	<u>7,926</u>	<u>36,510</u>	<u>1,439</u>
	<b>Expenditures</b>				
	Current:				
0011	Instruction	80,895	63	-	1,439
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	12,762	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	2,830	-	-	-
0031	Guidance, Counseling and Evaluation Services	134,214	7,863	-	-
0032	Social work services	-	-	-	-
0033	Health Services	5,069	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	36,510	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities Acquisition and Construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>235,770</u>	<u>7,926</u>	<u>36,510</u>	<u>1,439</u>
<b>1100</b>	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>1200</b>	Net change in fund balances	-	-	-	-
0100	<b>Fund Balance - September 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<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, 2023**

**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
	<b>Revenues</b>				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 179
5800	State Program Revenues	-	1,330	609	258,695
5900	Federal Program Revenues	180,977	-	-	-
<b>5020</b>	<b>Total Revenues</b>	<u>180,977</u>	<u>1,330</u>	<u>609</u>	<u>258,874</u>
	<b>Expenditures</b>				
	Current:				
0011	Instruction	45,337	1,330	-	297,355
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	609	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	12,945	-	-	-
0032	Social work services	-	-	-	-
0033	Health Services	80,452	-	-	-
0034	Student Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Cocurricular/Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	42,243	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	-	-
	<b>Capital outlay:</b>				
0081	Facilities Acquisition and Construction	-	-	-	-
<b>6030</b>	<b>Total Expenditures</b>	<u>180,977</u>	<u>1,330</u>	<u>609</u>	<u>297,355</u>
<b>1100</b>	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,481)</u>
	<b>Other Financing Sources (Uses)</b>				
7912	Sale of real or personal property	-	-	-	-
	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>1200</b>	Net change in fund balances	-	-	-	(38,481)
0100	<b>Fund Balance - September 1 (Beginning)</b>	<u>-</u>	<u>-</u>	<u>1,336</u>	<u>66,629</u>
<b>3000</b>	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,336</u>	<u>\$ 28,148</u>



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended August 31, 2023**

**Exhibit H-2**

**Page 6 of 6**

Data Control Codes		429	461	481	499	Total Nonmajor Governmental Funds
		Safety & Security Grant	Campus Activity Funds	Tri County Health Alliance	Back to School	
	<b>Revenues</b>					
5700	Local and Intermediate Sources	\$ -	\$ 925,531	\$ 12,323	\$ 6,145	\$ 1,801,471
5800	State Program Revenues	690,140	-	-	-	1,003,193
5900	Federal Program Revenues	-	-	-	-	12,262,660
5020	Total Revenues	690,140	925,531	12,323	6,145	15,067,324
	<b>Expenditures</b>					
	Current:					
0011	Instruction	387,751	39,355	-	6,335	4,048,516
0012	Instructional Resources and Media Services	-	44,152	-	-	52,036
0013	Curriculum and Instructional Staff Development	283,507	-	-	-	1,657,816
0021	Instructional Leadership	-	-	-	-	332,509
0023	School Leadership	-	-	-	-	94,492
0031	Guidance, Counseling and Evaluation Services	18,882	-	-	-	1,262,676
0032	Social work services	-	-	-	-	42,088
0033	Health Services	-	-	12,748	-	136,832
0034	Student Transportation	-	-	-	-	51,285
0035	Food Services	-	-	-	-	4,875,129
0036	Cocurricular/Extracurricular Activities	-	926,301	-	-	929,857
0041	General Administration	-	-	-	-	22,306
0051	Facilities Maintenance and Operations	-	-	-	-	290,403
0052	Security and Monitoring Services	-	-	-	-	290,615
0053	Data Processing Services	-	-	-	-	255,971
0061	Community Services	-	-	-	-	111,420
	Capital outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-	3,263
6030	<b>Total Expenditures</b>	690,140	1,009,808	12,748	6,335	14,457,214
1100	Excess (deficiency) of revenues over expenditures	-	(84,277)	(425)	(190)	610,110
	<b>Other Financing Sources (Uses)</b>					
7912	Sale of real or personal property	-	-	-	-	503
	<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	503
1200	Net change in fund balances	-	(84,277)	(425)	(190)	610,613
0100	<b>Fund Balance - September 1 (Beginning)</b>	-	364,723	3,364	2,237	2,911,165
3000	<b>Fund Balance - August 31 (Ending)</b>	\$ -	\$ 280,446	\$ 2,939	\$ 2,047	\$ 3,521,778



## **REQUIRED TEA SCHEDULES**

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended August 31, 2023**

*Exhibit J-1*  
*Page 1 of 2*

	1	2	3	10
	Tax Rates		Net Assessed/Appraised	Beginning
Last Ten			Value For School	Balance
Fiscal Years	Maintenance	Debt Service	Tax Purposes	9/1/2022
2014 and prior	Various	Various	Various	\$ 536,568
2015	\$ 1.040000	0.400000	\$ 2,021,703,553	113,430
2016	1.040000	0.400000	2,243,617,577	114,793
2017	1.040000	0.400000	2,600,531,319	159,283
2018	1.040000	0.400000	3,027,820,555	217,771
2019	1.040000	0.400000	3,383,391,176	328,819
2020	0.970000	0.400000	3,474,115,125	533,570
2021	0.966400	0.400000	4,237,334,104	847,409
2022	0.880900	0.440000	4,775,923,537	1,949,135
2023	0.8546000	0.440000	6,106,875,678	-
1000 TOTALS				<u>\$ 4,800,778</u>

8000 TOTALS Taxes refunded under Section 26.1115(c), Tax Code, for tax refunds  
issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87-2

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**For the Year Ended August 31, 2023**

**Exhibit J-1**  
**Page 2 of 2**

	20	31	32	40	50
<u>Last Ten Fiscal Years</u>	<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2023</u>
2014 and prior	\$ -	\$ 23,723	\$ 9,124	\$	\$ 503,721
2015	-	6,522	2,509		104,399
2016	-	8,931	3,435	1,352	103,779
2017	-	13,390	5,150	(348)	140,395
2018	-	116,756	44,906	132,166	188,275
2019	-	139,603	53,694	127,384	262,906
2020	-	565,952	233,382	648,353	382,589
2021	-	631,292	261,296	722,634	677,455
2022	-	1,020,704	509,831	680,728	1,099,328
2023	<u>79,059,613</u>	<u>50,468,399</u>	<u>25,984,198</u>	<u>(146,509)</u>	<u>2,460,507</u>
1000 TOTALS	<u>\$ 79,059,613</u>	<u>\$ 52,995,272</u>	<u>\$ 27,107,525</u>	<u>\$ 2,165,760</u>	<u>\$ 5,923,354</u>
Total taxes receivable per Exhibit C-1					<u>\$ 5,923,354</u>
8000 TOTALS		<u>\$ 71,216</u>			

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION**  
**For the Year Ended August 31, 2023**

**Exhibit J-2**

Data Control Codes		Child Nutrition			
		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual	
Revenues					
5700	Local revenues	\$ 250,000	\$ 250,000	\$ 856,995	\$ 606,995
5800	State program revenues	20,000	60,902	52,419	(8,483)
5900	Federal program revenues	3,860,000	3,860,000	4,824,849	964,849
Total Revenues		4,130,000	4,170,902	5,734,263	1,563,361
Expenditures					
0035	Food services	4,376,397	5,111,276	4,823,941	287,335
0051	Facilities maintenance and operations	247,046	266,545	208,474	58,071
6030	Total Expenditures	4,623,443	5,377,821	5,032,415	345,406
1100	Excess (deficiency) of revenues over expenditures	(493,443)	(1,206,919)	701,848	1,908,767
Other Financing Sources (Uses)					
7912	Sale of real or personal property	-	-	503	503
Total Other Financing Sources (Uses)		-	-	503	503
1200	Net change in fund balance	(493,443)	(1,206,919)	702,351	1,909,270
0100	Fund Balance - September 1 (Beginning)	2,468,452	2,468,452	2,468,452	-
3000	Fund Balance - August 31 (Ending)	\$ 1,975,009	\$ 1,261,533	\$ 3,170,803	\$ 1,909,270

**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, 2023**

		Debt Service Fund			
		Budgeted Amounts			
Data Control Codes		Original	Final	Actual	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local revenues	\$ 26,581,369	\$ 27,590,219	\$ 28,093,337	\$ 503,118
5800	State program revenues	-	560,834	501,753	(59,081)
5020	Total Revenues	26,581,369	28,151,053	28,595,090	444,037
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	10,986,425	12,143,775	12,125,000	18,775
0072	Interest on long-term debt	13,597,825	17,298,973	17,429,012	(130,039)
0073	Bond issuance costs and fees	20,000	216,000	223,379	(7,379)
6030	Total Expenditures	24,604,250	29,658,748	29,777,391	(118,643)
1100	Excess (deficiency) of revenues over expenditures	1,977,119	(1,507,695)	(1,182,301)	325,394
	Other Financing Sources (Uses):				
7915	Transfers In	-	3,714,914	7,861,809	4,146,895
8949	Property Tax Refunds	-	(100,000)	(65,334)	34,666
7080	Total Other Financing Sources (Uses)	-	3,614,914	7,796,475	4,181,561
1200	Net change in fund balance	1,977,119	2,107,219	6,614,174	4,506,955
0100	Fund Balance - September 1 (Beginning)	21,768,634	21,768,634	21,768,634	-
3000	Fund Balance - August 31 (Ending)	\$ 23,745,753	\$ 23,875,853	\$ 28,382,808	\$ 4,506,955

**WALLER INDEPENDENT SCHOOL DISTRICT****Exhibit J-4****COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended August 31, 2023**

<b>Data Codes</b>	<b>Section A: Compensatory Education Programs</b>	<b>Responses</b>
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.	\$ 8,699,842
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)	\$ 5,809,920
<b>Section B: Bilingual Education Programs</b>		
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.	\$ 1,571,538
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 615,963



**WALLER INDEPENDENT SCHOOL DISTRICT**  
**REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**For the Year Ended August 31, 2023**

**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 <b>to not have made</b> 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

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, 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, 2023, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated January 18, 2024.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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 District'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 District'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 18, 2024

**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

**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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District'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, 2023.

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

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance 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.

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

Houston, Texas  
January 18, 2024

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2023**

**I. Summary of Auditors' Results**

**Financial Statements**

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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**

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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>
---	--

**U.S. Department of Agriculture**

<i>School Breakfast Program</i>	10.553
<i>National School Lunch Program</i>	10.555
<i>Supply Chain Assistance Grant</i>	10.555
<i>Summer Food Service Program</i>	10.559

**U.S. Department of Education**

<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 - ARP ESSER III</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, 2023***

**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, 2023**

**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
<b>U. S. Department of Education</b>				
<b>Passed Through Texas Education Agency:</b>				
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	23610101237904	\$ 1,538,907
ESEA, Title I, Part A - Improving Basic Programs	211	84.010A	24610101237904	52,271
Total ALN 84.010				1,591,178
IDEA - Part B, Formula	224	84.027A	236600012379046600	1,327,437
IDEA - Part B, Formula	224	84.027A	246600012379046600	7,657
IDEA - Part B, Preschool	225	84.173A	236610012379046000	7,928
COVID-19 - IDEA-B Formula-ARP	284	84.027X	225350012379045350	235,770
COVID-19 - IDEA-B Preschool-ARP	285	84.173X	225360012379045360	7,926
Total Special Education Cluster (ALN 84.027, 84.173)				1,586,718
Career and Technical - Basic Grant	244	84.048A	23420006237904	86,574
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	23694501237904	230,624
ESEA, Title II, Part A, Supporting Effective Instruction	255	84.367A	24694501237904	28,354
Total ALN 84.367				258,978
Title III, Part A - English Language Acquisition	263	84.365A	23671001237904	248,595
COVID-19 - TCLAS-ESSER III	279	84.425U	21528042237904	102,391
COVID-19 - ARP HOMELESS II	280	84.425W	21533002237904	47,985
COVID-19 - CRRSA ESSER II	281	84.425D	21521001237904	1,488,649
COVID-19 - ARP ESSER III	282	84.425U	21528001237904	1,760,093
Total ALN 84.425				3,399,118
Title IV, Part A	289	84.424A	23680101237904	96,461
Title IV, Part A	289	84.424A	24680101237904	4,064
Total ALN 84.424				100,525
LEP Summer School	288	84.369A	69552102	1,439
<b>Total U. S. Department of Education</b>				<b>7,273,125</b>
<b>U.S. Department of Health and Human Services</b>				
<b>Passed Through Region 4:</b>				
COVID-19 Public Health Workforce Supplemental	289	93.354	HHS001101500001	80,452
<b>Total U. S. Department of Health and Human Services</b>				<b>80,452</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2023**

**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
<b>Federal Communications Commission</b>				
<b>Direct Award:</b>				
<i>COVID-19 - Emergency Connectivity Fund administered by Universal Service Administrative Company of the American Rescue Plan Act of 2021</i>	287	32.009	ECF222118389	\$ 36,510
<b>Total Federal Communications Commission</b>				<b>36,510</b>
<b>U. S. Department of Agriculture</b>				
<b>Passed Through Texas Department of Agriculture:</b>				
Cash assistance:				
<i>Child and Adult Care Food Program (CACFP) Emergency Operational Costs Reimbursement Program (COVID-19)</i>	240	10.558	01114	182,830
<i>Pandemic Benefit Transfer - Admin Costs (COVID-19)</i>	240	10.649	01114	5,950
<i>Supply Chain Assistance Grant</i>	240	10.555	01114	255,456
<i>Summer Food Service Program</i>	242	10.559	01114	47,724
Non Cash assistance (Commodities):				
<i>National School Lunch Program</i>	240	10.555	01114	309,603
<b>Passed Through Texas Education Agency:</b>				
Cash assistance:				
<i>School Breakfast Program</i>	240	10.553	71402301	1,013,652
<i>National School Lunch Program</i>	240	10.555	71302301	3,057,358
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>				4,683,793
<b>Total U. S. Department of Agriculture</b>				<b>4,872,573</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 12,262,660</b>

**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, 2023. 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:

<b>Total shown on Schedule of Expenditures of Federal Awards</b>	<b>\$ 12,262,660</b>
Federal revenue accounted for in the governmental funds:	
School Health and Related Services (SHARS)	1,402,748
Junior Reserve Officers' Training Corps (JROTC)	68,535
E-Rate	160,188
<b>Total Federal Revenue - Exhibit C-3</b>	<b>\$ 13,894,131</b>

**Note 4 - General Fund Federal Program Revenues**

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

<b>Program or Source</b>	<b>ALN</b>	<b>Amount</b>
School Health and Related Services (SHARS)	N/A	\$ 1,402,748
Junior Reserve Officers' Training Corps (JROTC)	N/A	68,535
E-Rate	N/A	160,188
<b>Total</b>		<b>\$ 1,631,471</b>

**WALLER INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
***For the Year Ended August 31, 2023***

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, 2023***

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