

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL AND COMPLIANCE REPORT*

*FOR THE YEAR ENDED JUNE 30, 2022*



**ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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*CERTIFICATE OF BOARD*

Roscoe Collegiate Independent School District  
Name of School District

Nolan  
County

177-901  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and \_\_\_approved  
- \_\_\_disapproved for the year ended June 30, 2022, at a meeting of the board of school trustees of such school district on the  
7<sup>th</sup> day of November, 2022.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):



## Independent Auditor's Report

### UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for Roscoe Collegiate Independent School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roscoe Collegiate Independent School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, Schedule of District's Proportionate Share of the Net Pension Liability (TRS), Schedule of District Pension Contributions to TRS, Schedule of District's Proportionate Share of the Net OPEB Liability (TRS) and Schedule of District OPEB Contributions to TRS as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, the TEA required schedules and the 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* (Uniform Guidance) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the combining and individual nonmajor fund financial statements, the TEA required schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2022, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 7, 2022



# **R**OSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

P.O. BOX 579, Roscoe, Texas 79545 325/766-3629 FAX 325/766-3138  
www.roscoe.esc14.net

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Roscoe Collegiate Independent School District, discuss and analyze the District’s financial performance for the fiscal year ended June 30, 2022. Please read it in conjunction with the independent auditor’s report on page 2 and the District’s Basic Financial Statements which begin on page 10.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 - 11). These provide information about the activities of the District as a whole and present a longer-term view of the District’s property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District’s individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### **Reporting the District as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District’s overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year’s activities. The Statement of Net Position includes all the District’s assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District’s operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's one type of fund - governmental - uses the following accounting approach:

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

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 16 and 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Total net position of the District's governmental activities increased from \$15,257,943 to \$20,896,769. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from (\$95,176) to \$4,763,662. Current and other assets increased by \$42 million due to cash by \$2.6 million and state receivables by \$39.4 million due to increased enrollment due to virtual school students. Capital assets increased by \$133 thousand due to depreciation expense in excess of asset additions. Long-term liabilities decreased by \$1.7 million due to long-term debt retired (net of new debt issued) during the year plus the effects of net pension (NPL) and other post-employment benefit (OPEB) liabilities. Other liabilities increased by \$37 million due to ending accounts payable for virtual school student contract services related to increased state receivables. Deferred resource outflows related to NPL and OPEB liabilities decreased by \$246 thousand and deferred resource inflows related to NPL and OPEB liabilities increased by \$893 thousand.

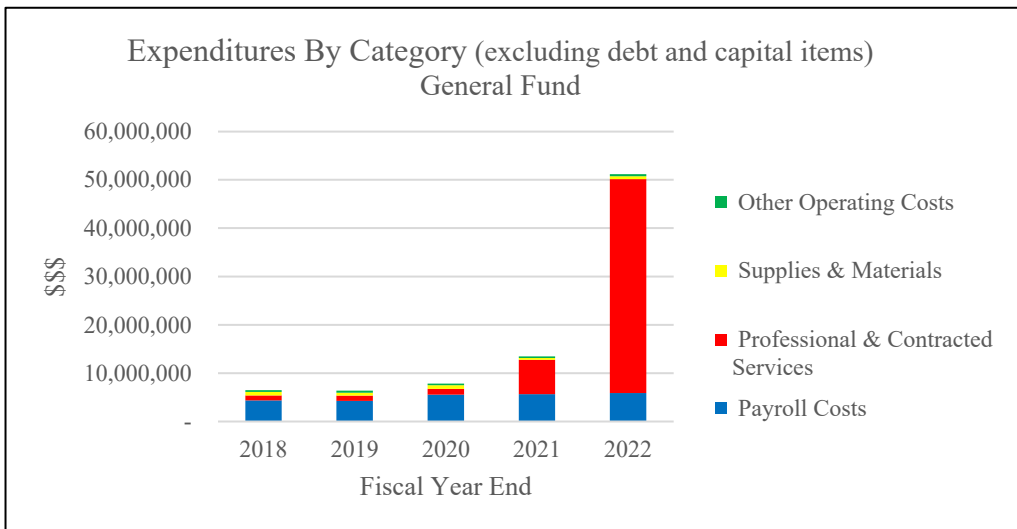
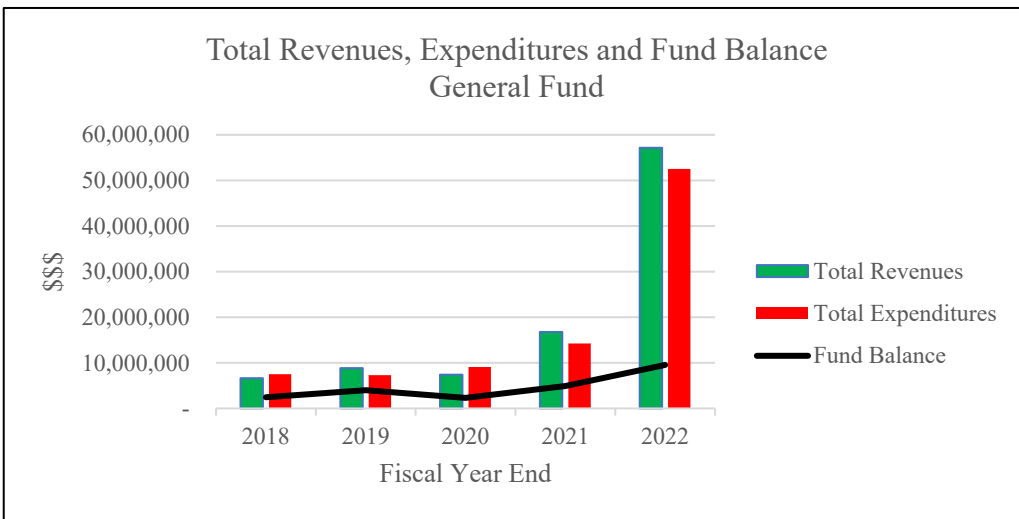
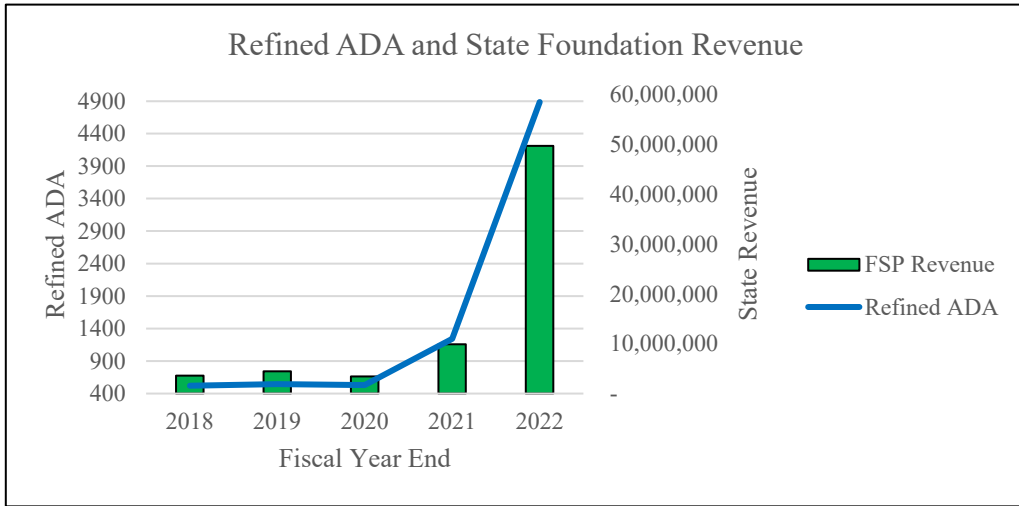
The District's total revenues were \$38.8 million more than last year. The District's enrollment related to its virtual school contract added over 3,600 additional students which resulted in over \$40 million more state aid than last year. Charges for services increased by \$272 thousand which was also related to fees earned for the virtual school contract. Property taxes decreased due to tax rate reductions in excess of valuation increases. Other revenues decreased due to prior year Chapter 313 revenue protection payments not received in the current year.

Overall, total expenses were \$36.8 million more than last year. The main reason for the significant increase was due to contract services for the virtual school agreement. The fees related to that agreement totaled approximately \$43 million which was an increase of \$37 million from last year. The effects of those increased expenses were realized in instructional costs. Excluding the virtual expense increases, instructional and school leadership expenses decreased due to payroll costs, student support services increased due to payroll costs, extracurricular activities increased due to payroll costs and athletic supplies, general administration increased due to payroll costs and professional fees, and facilities maintenance and operations increased due to payroll costs.

	Governmental Activities 2022	Governmental Activities 2021	Variance Increase/ (Decrease)
Current and other assets	\$ 54,339,209	\$ 12,339,690	\$ 41,999,519
Capital assets	18,985,675	18,852,205	133,470
Deferred resource outflows for TRS	1,319,978	1,565,792	(245,814)
Total assets and deferred resource outflows	74,644,862	32,757,687	41,887,175
Long-term liabilities	7,166,241	8,840,805	(1,674,564)
Other liabilities	43,500,502	6,471,048	37,029,454
Deferred resource inflows for TRS	3,081,350	2,187,891	893,459
Total liabilities and deferred resource inflows	53,748,093	17,499,744	36,248,349
Net position:			
Net investment in capital assets	14,857,315	14,422,214	435,101
Restricted for federal and state programs	137,464	66,478	70,986
Restricted for debt service and capital projects	1,138,328	864,427	273,901
Unrestricted	4,763,662	(95,176)	4,858,838
Total net position	\$ 20,896,769	\$ 15,257,943	\$ 5,638,826

	Governmental Activities 2022	Governmental Activities 2021	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 416,140	\$ 143,687	\$ 272,453
Operating grants and contributions	1,323,347	2,064,099	(740,752)
General Revenues:			
Property taxes	4,688,422	5,031,522	(343,100)
State aid - formula grants	50,680,753	10,225,943	40,454,810
Other	1,337,931	2,146,961	(809,030)
Total Revenues	58,446,593	19,612,212	38,834,381
Expenses:			
Instruction, curriculum and media services	48,916,601	12,318,755	(36,597,846)
Instructional and school leadership	582,407	666,872	84,465
Student support services	431,984	447,623	15,639
Child nutrition	295,943	300,223	4,280
Extracurricular activities	544,458	466,184	(78,274)
General administration and other intergovernmental charges	609,345	425,013	(184,332)
Plant maintenance, security & data processing	1,157,111	1,120,219	(36,892)
Community service	97,539	114,354	16,815
Debt service	97,274	82,077	(15,197)
Payments related to shared service arrangements	75,105	67,932	(7,173)
Total Expenses	52,807,767	16,009,252	(36,798,515)
Increase (Decrease) in Net Position	5,638,826	3,602,960	2,035,866
Net Position - beginning of year	15,257,943	11,940,001	3,317,942
Prior period adjustment	0	(285,018)	285,018
Net Position - end of year	\$ 20,896,769	\$ 15,257,943	\$ 5,638,826

The following charts depict trend information for the past five years.



## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$10,823,284, an increase of \$5.9 million in the District's Governmental Funds from last year's fund balance of \$5,856,632. The primary reasons for the net increase are similar to the narrative related to the tables above. The major exceptions are depreciation expense which is not charged to the governmental funds, proceeds from debt issued during the year and the net effect relative to GASB 68 and 75. The specific variances in the changes in fund balance versus the change in net position are detailed out on Exhibit C-4 on the accompanying general purpose financial statements.

The Board of Trustees revised the District's budget several times during the year. The most significant budget amendments were in state revenue and instructional expenditures for a virtual school instruction contract entered into during the year resulting in significantly higher state revenues and related instructional expenditures over what was originally budgeted.

The District's General Fund balance of \$9,535,659 reported on pages 14 and 41 differs from the General Fund's budgetary fund balance of \$5,917,032 reported in the budgetary comparison schedule on page 41 due to revenues (net of related instructional flow-thru expenditures) being more than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal year 2022, the District had \$28,568,401 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Following were asset additions for the year.

Asset additions:

New field turf	\$	614,673
HVAC equipment replacement		376,619
Bus barn renovations		35,200
Pig barn		13,843
Other equipment and improvements		82,944
Total asset additions	\$	<u>1,123,279</u>

### *Debt*

The District has six outstanding debt obligations used to finance purchases of facilities and equipment. Interest rates on the debt instruments vary from 0.90% to 5.0% with final maturities in 2034.

Following is a summary of outstanding debt for the past two years:

	2022	2021
Bonds payable	\$ 1,815,000	\$ 2,865,000
Loans payable	2,118,420	1,303,467
Total	<u>\$ 3,933,420</u>	<u>\$ 4,168,467</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District should continue to maintain its financial health. A budget adopted for 2022-23 reflects a budget of \$42.8 million for general fund revenues and expenditures for a projected break-even budget. Maintenance and operating tax rates remained the same as last year at \$0.9991 for the 2022-23 fiscal year. Interest and sinking fund tax rates lowered from \$0.24669 to \$0.0850 for the 2022-23 fiscal year. The District expects that its general fund balance will approximate \$9.5 million at June 30, 2023.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Roscoe Collegiate Independent School District, P.O. Box 579, Roscoe, Texas 79545.



*BASIC FINANCIAL STATEMENTS*





ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 7,423,848
1220 Property Taxes - Delinquent	107,474
1230 Allowance for Uncollectible Taxes	(48,936)
1240 Due from Other Governments	46,856,823
Capital Assets:	
1510 Land	42,845
1520 Buildings, Net	15,779,811
1530 Furniture and Equipment, Net	1,037,519
1590 Infrastructure, Net	2,125,500
1000 Total Assets	73,324,884
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	92,346
1705 Deferred Outflow Related to TRS Pension	534,043
1706 Deferred Outflow Related to TRS OPEB	693,589
1700 Total Deferred Outflows of Resources	1,319,978
<b>LIABILITIES</b>	
2110 Accounts Payable	43,115,499
2140 Interest Payable	43,115
2160 Accrued Wages Payable	314,226
2200 Accrued Expenses	8,859
2300 Unearned Revenue	18,803
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	595,464
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	3,625,242
2540 Net Pension Liability (District's Share)	828,210
2545 Net OPEB Liability (District's Share)	2,117,325
2000 Total Liabilities	50,666,743
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,046,183
2606 Deferred Inflow Related to TRS OPEB	2,035,167
2600 Total Deferred Inflows of Resources	3,081,350
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	14,857,315
Restricted:	
3820 Restricted for Federal and State Programs	137,464
3850 Restricted for Debt Service	1,138,328
3900 Unrestricted	4,763,662
3000 Total Net Position	\$ 20,896,769

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 48,806,265	\$ 277,034	\$ 971,382	\$ (47,557,849)
12	Instructional Resources and Media Services	40,965	-	(669)	(41,634)
13	Curriculum and Instructional Staff Development	69,371	-	15,547	(53,824)
21	Instructional Leadership	274,517	-	(2,984)	(277,501)
23	School Leadership	307,890	-	(5,476)	(313,366)
31	Guidance, Counseling, and Evaluation Services	154,836	-	(2,621)	(157,457)
33	Health Services	47,745	-	(968)	(48,713)
34	Student (Pupil) Transportation	229,403	-	(1,580)	(230,983)
35	Food Services	295,943	33,632	327,119	64,808
36	Extracurricular Activities	544,458	99,474	(3,084)	(448,068)
41	General Administration	609,345	-	(5,704)	(615,049)
51	Facilities Maintenance and Operations	998,311	6,000	18,771	(973,540)
52	Security and Monitoring Services	4,813	-	-	(4,813)
53	Data Processing Services	153,987	-	(1,872)	(155,859)
72	Debt Service - Interest on Long-Term Debt	93,485	-	-	(93,485)
73	Debt Service - Bond Issuance Cost and Fees	4,054	-	-	(4,054)
81	Capital Outlay	-	-	15,486	15,486
93	Payments Related to Shared Services Arrangements	97,274	-	-	(97,274)
99	Other Intergovernmental Charges	75,105	-	-	(75,105)
	<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 52,807,767</b>	<b>\$ 416,140</b>	<b>\$ 1,323,347</b>	<b>(51,068,280)</b>
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			3,485,413	
DT	Property Taxes, Levied for Debt Service			1,203,009	
SF	State Aid - Formula Grants			50,680,753	
IE	Investment Earnings			28,752	
MI	Miscellaneous Local and Intermediate Revenue			1,309,179	
TR	Total General Revenues			56,707,106	
CN	Change in Net Position			5,638,826	
NB	Net Position - Beginning			15,257,943	
NE	Net Position - Ending			\$ 20,896,769	

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

EXHIBIT C-1

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 6,289,581	\$ 1,134,267	\$ 7,423,848
1220 Property Taxes - Delinquent	93,736	13,738	107,474
1230 Allowance for Uncollectible Taxes	(46,434)	(2,502)	(48,936)
1240 Due from Other Governments	46,244,836	611,987	46,856,823
1260 Due from Other Funds	347,366	-	347,366
1000 Total Assets	<u>\$ 52,929,085</u>	<u>\$ 1,757,490</u>	<u>\$ 54,686,575</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 43,083,048	\$ 32,451	\$ 43,115,499
2160 Accrued Wages Payable	257,413	56,813	314,226
2170 Due to Other Funds	-	347,366	347,366
2200 Accrued Expenditures	5,663	3,196	8,859
2300 Unearned Revenue	-	18,803	18,803
2000 Total Liabilities	<u>43,346,124</u>	<u>458,629</u>	<u>43,804,753</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	47,302	11,236	58,538
2600 Total Deferred Inflows of Resources	<u>47,302</u>	<u>11,236</u>	<u>58,538</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	137,464	137,464
3480 Retirement of Long-Term Debt	-	1,127,092	1,127,092
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	23,069	23,069
3600 Unassigned Fund Balance	9,535,659	-	9,535,659
3000 Total Fund Balances	<u>9,535,659</u>	<u>1,287,625</u>	<u>10,823,284</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 52,929,085</u>	<u>\$ 1,757,490</u>	<u>\$ 54,686,575</u>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	10,823,284
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$27,445,122 and the accumulated depreciation was (\$8,592,917). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		14,422,214
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		2,358,326
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$534,043, a deferred resource inflow in the amount of \$1,046,183, and a net pension liability in the amount of \$828,210. This resulted in a decrease in net position.		(1,340,350)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$693,589, a deferred resource inflow in the amount of \$2,035,167, and a net OPEB liability in the amount of \$2,117,325. This resulted in a decrease in net position.		(3,458,903)
5 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(989,809)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of loans and bonds as an increase in long term liabilities, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(917,993)
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>20,896,769</b>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 5,247,107	\$ 1,472,206	\$ 6,719,313
5800 State Program Revenues	50,833,568	545,522	51,379,090
5900 Federal Program Revenues	49,587	779,480	829,067
5020 Total Revenues	<u>56,130,262</u>	<u>2,797,208</u>	<u>58,927,470</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	47,710,362	848,759	48,559,121
0012 Instructional Resources and Media Services	44,743	-	44,743
0013 Curriculum and Instructional Staff Development	68,880	491	69,371
0021 Instructional Leadership	295,934	-	295,934
0023 School Leadership	343,345	-	343,345
0031 Guidance, Counseling, and Evaluation Services	172,541	-	172,541
0033 Health Services	53,769	-	53,769
0034 Student (Pupil) Transportation	177,403	-	177,403
0035 Food Services	-	292,280	292,280
0036 Extracurricular Activities	374,218	93,617	467,835
0041 General Administration	633,928	-	633,928
0051 Facilities Maintenance and Operations	1,070,259	26,266	1,096,525
0053 Data Processing Services	167,278	-	167,278
Debt Service:			
0071 Principal on Long-Term Liabilities	185,048	1,050,000	1,235,048
0072 Interest on Long-Term Liabilities	34,232	129,930	164,162
0073 Bond Issuance Cost and Fees	450	3,604	4,054
Capital Outlay:			
0081 Facilities Acquisition and Construction	995,616	15,486	1,011,102
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	97,274	-	97,274
0099 Other Intergovernmental Charges	75,105	-	75,105
6030 Total Expenditures	<u>52,500,385</u>	<u>2,460,433</u>	<u>54,960,818</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,629,877	336,775	3,966,652
<b>OTHER FINANCING SOURCES (USES):</b>			
7914 Non-Current Loans	1,000,000	-	1,000,000
1200 Net Change in Fund Balances	4,629,877	336,775	4,966,652
0100 Fund Balance - July 1 (Beginning)	<u>4,905,782</u>	<u>950,850</u>	<u>5,856,632</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 9,535,659</u>	<u>\$ 1,287,625</u>	<u>\$ 10,823,284</u>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	4,966,652
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net position.		2,358,326
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(989,809)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of long term debt, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(930,003)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$142,363. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$115,473. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$59,611. The net result was an increase in the change in net position.		86,501
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$39,494. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$36,121. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$143,786. The net result was an increase in the change in net position.		147,159
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>5,638,826</b>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022

EXHIBIT E-1

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	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 11,080
Total Assets	<u>11,080</u>
LIABILITIES	
Accounts Payable	<u>4,077</u>
Total Liabilities	<u>4,077</u>
NET POSITION	
Restricted for Other Purposes	<u>7,003</u>
Total Net Position	<u><u>\$ 7,003</u></u>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

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	Custodial Fund
<b>ADDITIONS:</b>	
Enterprising Services Revenue	\$ 81,934
Total Additions	<u>81,934</u>
<b>DEDUCTIONS:</b>	
Supplies and Materials	84,603
Total Deductions	<u>84,603</u>
Change in Fiduciary Net Position	(2,669)
Total Net Position - July 1 (Beginning)	<u>9,672</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 7,003</u></u>

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



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED JUNE 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The District applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's 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 are always general revenues.

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

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

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

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

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

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

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

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. 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 some times require the District to refund all or part of the unused amount.

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

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

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund.** The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

2. **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.
3. **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.

Fiduciary Funds:

4. **Custodial Funds.** The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the "Roscoe Collegiate Student Activity Fund."

#### **E. OTHER ACCOUNTING POLICIES**

1. 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.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. 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 are 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.

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

The 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.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Asset:</u>	<u>Years</u>
Buildings	30-50
Building Improvements	10-50
Vehicles	5-10
Equipment	5-7
Technology Equipment	5

6. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's board. Assignments of fund balance are amounts set aside by the District's superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges for bond refunding	\$ 92,346
Deferred charges related to TRS retirement	\$ 534,043
Deferred charges related to TRS OPEB	\$ 693,589

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$1,046,183
Deferred charges related to TRS OPEB	\$2,035,167

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. BUDGETARY DATA

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

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

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

### B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year, the District had the following functional categories that exceeded its final amended budget by more than \$2,500 in the General Fund:

Functional Category	Amount Over Budget	Explanation
0011 - Instruction	\$ 14,615,792	The District entered into a virtual school contract in October, 2021 for the instruction of online students enrolled at the District. Revenues and expenditures were estimated and budgeted but the actual revenues and expenditures realized were more than budgeted and not fully known until after the close of the District's fiscal year.

### C. DEFICIT FUND EQUITY

None.

## III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

#### 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 was not exposed to custodial credit risk.

Foreign Currency Risk. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by having no deposits denominated in a foreign currency. Therefore, the District was not exposed to foreign currency risk.

As of June 30, 2022, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Money market and FDIC insured accounts	\$ 6,876,455	92%	\$ 6,876,455			N/A
Certificates of deposit	558,473	8%	558,473			N/A
Total Cash and Cash Equivalents	<u>\$ 7,434,928</u>	<u>100%</u>	<u>\$ 7,434,928</u>			

## **Investments**

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

#### Compliance with the Public Funds Investment Act

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

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

Additional policies and contractual provisions governing investments for the 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 in commercial paper, corporate bonds and mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2022, all of the District's investments were rated AAA by Standard & Poor's rating agency. Therefore, the District was not exposed to credit risk.

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. The District was not exposed to custodial credit risk.

Concentration of Credit Risk. To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District 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 and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

Interest Rate Risk. To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was not exposed to interest rate risk.

Foreign Currency Risk for Investments. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

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.

At June 30, 2022, the District had no investments other than certificates of deposit.

**B. PROPERTY TAXES**

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

**C. DELINQUENT TAXES RECEIVABLE**

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

**D. INTERFUND BALANCES AND TRANSFERS**

The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Receivable	Payable	Purpose	Current?
General fund	\$ 347,366		Temporary advances	Yes
Nonmajor governmental funds		347,366	Temporary advances	Yes
Total	<u>\$ 347,366</u>	<u>\$ 347,366</u>		

Interfund transfers for the year ended June 30, 2022 consisted of the following individual amounts:

None.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at June 30, 2022 were as follows:

	Property Taxes (net)	Other Governments	Total Receivables
Governmental Activities:			
General fund	\$ 47,302	\$ 46,244,836	\$ 46,292,138
Nonmajor governmental funds	11,236	611,987	623,223
Total Governmental Activities	<u>\$ 58,538</u>	<u>\$ 46,856,823</u>	<u>\$ 46,915,361</u>

Payables at June 30, 2022 were as follows:

	Accounts	Salaries and Benefits	Total Payables
Governmental Activities:			
General fund	\$ 43,083,048	\$ 263,076	\$ 43,346,124
Nonmajor governmental funds	32,451	60,009	92,460
Total Governmental Activities	<u>\$ 43,115,499</u>	<u>\$ 323,085</u>	<u>\$ 43,438,584</u>

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Disposals	Balance 6/30/2022
Governmental activities:				
Land and improvements	\$ 42,845			\$ 42,845
Buildings and improvements	21,715,751	452,662		22,168,413
Furniture and equipment	3,302,386	55,944		3,358,330
Infrastructure	2,384,140	614,673		2,998,813
Totals	<u>27,445,122</u>	<u>1,123,279</u>		<u>28,568,401</u>
Less accumulated depreciation for:				
Buildings and improvements	5,800,373	588,229		6,388,602
Furniture and equipment	2,025,821	294,990		2,320,811
Infrastructure	766,723	106,590		873,313
Total accumulated depreciation	<u>8,592,917</u>	<u>989,809</u>		<u>9,582,726</u>
Governmental activities capital assets, net	<u>\$ 18,852,205</u>	<u>\$ 133,470</u>		<u>\$ 18,985,675</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 750,130
Instructional resources and media services	302
Instructional leadership	1,996
School leadership	2,315
Guidance, counseling and evaluation services	1,164
Health services	363
Student (pupil) transportation	69,471
Food services	3,663
Extracurricular activities	116,309
General administration	13,624
Facilities maintenance and operations	24,531
Security and monitoring services	4,813
Data processing services	1,128
Total depreciation expense - governmental activities	<u>\$ 989,809</u>

**G. BONDS AND LONG-TERM NOTES PAYABLE**

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



A summary of changes in general long-term debt for the year ended June 30, 2022 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 6/30/2021	Issued	Retired/ Defeased	Amounts Outstanding 6/30/2022
<b>Bonds Payable:</b>						
Unlimited tax school building bonds, series 2013	0.65% to 5.0%	\$3,499,999	\$ 825,000		\$ 825,000	\$ 0
Unlimited tax refunding bonds, series 2016	2.0% to 4.0%	\$ 3,165,000	2,040,000		225,000	1,815,000
Bond premium, series 2013	N/A	N/A	48,850		48,850	0
Bond premium, series 2016	N/A	N/A	271,050		21,469	249,581
Subtotal - Bonds Payable			3,184,900		1,120,319	2,064,581
<b>Long-Term Loans Payable:</b>						
Time warrants, series 2016	2.0% to 4.0%	\$ 1,000,000	920,000		80,000	840,000
Note payable, First Fin'l Bank	4.5%	\$ 114,809	110,086		14,736	95,350
Apple Corp. note payable	0.9%	\$ 366,154	273,381		90,311	183,070
Maint. tax note, series 2021	2.41%	\$ 602,973	0	602,973		602,973
Financing contract #9733	2.41%	\$ 397,027	0	397,027		397,027
Bond premium, series 2016	N/A	N/A	41,914		4,209	37,705
Subtotal - Loans Payable			1,345,381	1,000,000	189,256	2,156,125
Total Long-Term Debt			\$ 4,530,281	\$1,000,000	\$1,309,575	\$ 4,220,706

Roscoe Collegiate ISD Unlimited Tax Refunding Bonds, Series 2016 -

On May 26, 2016, the District issued \$3,165,000 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$4,040,000 of unlimited tax school building bonds originally issued in 2009. Interest rates on the debt range from 2.0% - 4.0% and mature on February 15, 2034. Bonds due on or after February 15, 2028 are callable at par on February 15, 2026 or any principal maturity date thereafter. The bonds were issued at a net premium of \$380,184 which is being amortized over the life of the bonds.

Roscoe Collegiate ISD Time Warrants, Series 2016 -

On October 11, 2016, the District issued time warrants for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$1,000,000, maturing in various amounts, with a stated interest rates of 2.0% - 4.0%, with a final maturity on June 15, 2031. Warrants maturing on or after June 15, 2025 shall be subject to redemption prior to maturity, on June 15, 2024 or on any date thereafter, at par. The warrants were issued at a premium of \$61,731 which is being amortized over the life of the warrants.

First Financial Bank Note Payable -

On August 21, 2019, the District entered into a long-term loan agreement with First Financial Bank totaling \$114,809 with proceeds used to purchase energy savings equipment for the District. The loan was issued with a stated interest rate of 4.5% payable beginning March 25, 2021 and quarterly thereafter until final maturity on December 25, 2028.

Apple Corporation Note Payable -

On July 15, 2020, the District entered into a long-term financing agreement with Apple Corporation totaling \$366,154 for computer technology equipment. The original issue was for \$366,154, payable in annual installments of \$92,772, with a stated interest rate of 0.9% and a final maturity on July 15, 2023.

Roscoe Collegiate ISD Maintenance Tax Note, Series 2021 -

On November 30, 2021, the District issued a maintenance tax note for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$602,973, payable in annual installments of \$129,401 with a stated interest rate of 2.41% and a final maturity on November 19, 2026.

Financing Contract #9733 -

On November 30, 2021, the District issued a long-term financing contract for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$397,027, payable in annual installments of \$85,204 with a stated interest rate of 2.41% and a final maturity on November 19, 2026.

## H. DEBT SERVICE REQUIREMENTS - BONDS AND LONG-TERM NOTES PAYABLE

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2023	\$ 595,464	\$ 122,384	\$ 717,848
2024	586,036	107,012	693,048
2025	489,434	89,442	578,876
2026	474,918	73,857	548,775
2027	470,550	59,826	530,376
2028-32	1,037,018	158,127	1,195,145
2033-34	280,000	16,400	296,400
Totals	<u>\$ 3,933,420</u>	<u>\$ 627,048</u>	<u>\$ 4,560,468</u>

## I. 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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to retirees. The pension became actuarially sound in May 2019 when the 86<sup>th</sup> Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

**Pension Plan Fiduciary Net Position.** Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/acfr.pdf#ACFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 227,273,463,630
Less: Plan Fiduciary Net Position	(201,807,002,496)
Net Pension Liability	<u>\$ 25,466,461,134</u>
Net Position as a percentage of Total Pension Liability	88.79%

**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 grand fathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2021 and 2022.

Contribution Rates		
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%

Current fiscal year District contributions	\$ 166,442
Current fiscal year Member contributions	\$ 415,147
Measurement year NECE contributions	\$ 308,861

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During 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.

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

- All public schools, charter schools and regional education service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% 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.

**Actuarial Assumptions.** The actuarial valuation was performed as of August 31, 2020 Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2017 and were adopted in July 2018.

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal bond rate as of August 2020	1.95% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

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

**Discount Rate.** A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on the plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

Asset Class <sup>1</sup>	Target Allocation <sup>2</sup> %	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18%	3.6%	0.94%
Non-U.S. Developed	13%	4.4%	0.83%
Emerging Markets	9%	4.6%	0.74%
Private Equity	14%	6.3%	1.36%
Stable Value			
Government Bonds	16%	-0.2%	0.01%
Absolute Return (Including Credit Sensitive Investments)	0%	1.1%	0.00%
Stable Value Hedge Funds	5%	2.2%	0.12%
Real Return			
Real Estate	15%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6%	4.7%	0.35%
Commodities	0%	1.7%	0.00%
Risk Parity			
Risk Parity	8%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2%	-0.7%	-0.01%
Asset Allocation Leverage	-6%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag <sup>4</sup>			-0.95%
Expected Return	<u>100%</u>		<u>6.90%</u>

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

<sup>2</sup> Target allocations are based on the FY2021 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

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

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2021 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 1,809,770	\$ 828,210	\$ 31,867

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2022, the District reported a liability of \$828,210 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	\$ 828,210
State's proportionate share that is associated with the District	<u>1,843,151</u>
Total	<u>\$ 2,671,361</u>

The net pension liability was measured as of August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the District's proportion of the collective net pension liability was 0.0032521590% which was a decrease of 0.0003158978% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation.** Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period are as follows:

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 June 30, 2022, the District recognized pension expense of \$63,231 and revenue of \$7,369 for support provided by the Sate in the Government-Wide Statement of Activities.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experiences	\$ 1,386	\$ 58,307
Changes in actuarial assumptions	292,756	127,617
Differences between projected and actual investment earnings		694,444
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	97,538	165,815
Total as of August 31, 2021 measurement date	\$ 391,680	\$ 1,046,183
Contributions paid to TRS subsequent to the measurement date	142,363	
Total as of June 30, 2022 fiscal year end	<u>\$ 534,043</u>	<u>\$ 1,046,183</u>

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:

Fiscal year ended June 30,	Amount
2023	\$ (99,913)
2024	\$ (116,697)
2025	\$ (170,429)
2026	\$ (228,151)
2027	\$ (30,506)
Thereafter	\$ (8,807)

## J. 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 benefit Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021 are as follows:

<u>Net OPEB Liability:</u>	<u>Total</u>
Total OPEB liability	\$ 41,113,711,083
Less: plan fiduciary net position	(2,539,242,470)
Net OPEB liability	<u>\$ 38,574,468,613</u>
Net position as a percentage of total OPEB liability	6.18%

**Benefits Provided.** TRS-Care provides a basic health insurance coverage at no cost to all 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 pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86<sup>th</sup> Legislature included funding to maintain TRS Care premiums at their current level through 2021. The 86<sup>th</sup> legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures.

The following premium rates for retirees with Medicare Part A and Part B became effective January 1, 2018 and are reflected in the following table.

TRS-Care Plan Premium Rates Effective January 1, 2018 - December 31, 2021		
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2021	2022
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Current fiscal year District contributions	\$ 46,253
Current fiscal year member contributions	\$ 33,947
Measurement year NECE contributions	\$ 57,451

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employee a retiree of the TRS.

**Actuarial Assumptions.** The actuarial valuation of TRS-Care was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of 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 used for members of TRS are identical to the assumptions employed in the August 31, 2021 TRS annual pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

**Discount Rate.** A single discount rate of 1.95% was used to measure the total OPEB liability. There was a change of (0.38%) 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 source of the municipal bond rate was 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis** - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the net OPEB liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District’s proportionate share of net OPEB liability	\$ 2,553,982	\$ 2,117,325	\$ 1,773,662



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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,714,963	\$ 2,117,325	\$ 2,657,195

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At June 30, 2022, the District reported a liability of \$2,117,325 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	\$ 2,117,325
State's proportionate share that is associated with the District	2,836,744
Total	<u>\$ 4,954,069</u>

The net OPEB liability was measured as of August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the District's proportion of the collective net OPEB liability was 0.0054889288% which was a decrease of 0.0008232541% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation.** The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

1. The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the total OPEB liability (TOL).

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

For the year ended June 30, 2022, the District recognized OPEB expense of (\$212,363) and revenue of (\$104,698) for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 91,161	\$ 1,024,933
Changes in actuarial assumptions	234,519	447,775
Differences between projected and actual investment earnings	2,299	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	326,116	562,459
Total as of August 31, 2021 measurement date	<u>\$ 654,095</u>	<u>\$ 2,035,167</u>
Contributions paid to TRS subsequent to the measurement date	39,494	
Total as of June 30, 2022 fiscal year end	<u>\$ 693,589</u>	<u>\$ 2,035,167</u>

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:

Fiscal year ended June 30,	Amount
2023	\$ (253,295)
2024	\$ (253,347)
2025	\$ (253,334)
2026	\$ (197,600)
2027	\$ (122,146)
Thereafter	\$ (301,350)

**K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES**

**Retiree Health Care Coverage**

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading.

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2020 thru 2022. The contribution rate for the district was 0.75% for 2020 thru 2022. The contribution rate for active employees was 0.65% of the district payroll for 2020 thru 2022. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.25% for 2020 thru 2022.

**Contributions.** Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf to the District's employees as well as the District's required contributions and federal grant program contributions for the years ended June 30, 2022, 2021 and 2020 are as follows:

Year	Contribution Rates and Contribution Amounts					
	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2022	0.65%	\$ 33,947	1.25%	\$ 65,267	0.75%	\$ 39,169
2021	0.65%	\$ 31,362	1.25%	\$ 60,311	0.75%	\$ 36,187
2020	0.65%	\$ 30,249	1.25%	\$ 58,171	0.75%	\$ 34,903

**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was 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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended June 30, 2022, 2021 and 2020 were \$16,075, \$22,872 and \$20,164, respectively.

**Active Employee Health Care Coverage**

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

**L. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable	\$ 2,865,000		\$ 1,050,000	\$ 1,815,000	\$ 220,000
Bond Premium	361,814		74,528	287,286	0
Notes Payable	1,303,467	1,000,000	185,047	2,118,420	375,464
Net Pension Liability	1,910,978		1,082,768	828,210	0
Net OPEB liability	2,399,546		282,221	2,117,325	0
Total	<u>\$ 8,840,805</u>	<u>\$ 1,000,000</u>	<u>\$ 2,674,564</u>	<u>\$ 7,166,241</u>	<u>\$ 595,464</u>

**M. UNAVAILABLE/UNEARNED REVENUE**

Unavailable and unearned revenue at year-end consisted of the following:

Fund	Unavailable Revenue (levied but uncollected property taxes)	Unearned Revenue (unexpended private grant proceeds)
General fund	\$ 47,302	
Nonmajor governmental funds	11,236	18,803
Total	<u>\$ 58,538</u>	<u>\$ 18,803</u>

**N. DUE FROM STATE AND FEDERAL AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2022, are summarized below. They are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General	\$ 46,240,184		\$ 46,240,184
Nonmajor governmental funds	226,095	385,892	611,987
Net Total Receivables	<u>\$ 46,466,279</u>	<u>\$ 385,892</u>	<u>\$ 46,852,171</u>

**O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

Description	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 3,468,283	\$ 1,199,902	\$ 4,668,185
Penalties, interest and other tax-related income	16,463	4,455	20,918
Food sales		33,633	33,633
Investment income	20,452	8,300	28,752
Extracurricular student activities	15,317	84,157	99,474
Gifts and local grants	136,893	139,246	276,139
Chapter 313 revenue-loss and supplemental fee	61,400		61,400
Lawsuit settlement proceeds	1,206,978		1,206,978
K12 online academy fees	260,000		260,000
Other income	61,321	2,513	63,834
Total	<u>\$ 5,247,107</u>	<u>\$ 1,472,206</u>	<u>\$ 6,719,313</u>

**P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

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

The District has guaranteed a loan from Roscoe State Bank for Edu-Vet, Inc. which provides educational support services for the District. The loan balance was \$451,191 at June 30, 2022 and has been serviced by Edu-Vet, Inc. for the year then ended. A certificate of deposit from the District totaling \$539,683 has been used as collateral towards the loan guarantee.

**Q. JOINT VENTURE SHARED SERVICE ARRANGEMENTS**

The District participates in a shared services arrangement for Special Education services with the West Central Texas Shared Service Arrangement. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Sweetwater ISD, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

The District also participates in various shared service arrangements with the Education Service Center Region 14. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Education Service Center Region 14 is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

**R. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2022, the District purchased commercial insurance to cover general liabilities. Additional insurance information by coverage type follows.

Property Casualty Program

The District participated in the Texas Association of School Boards Risk Management Fund (the “Fund”) with coverage in auto liability, auto physical damage, general liability, property and legal liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2022, the Fund anticipates the District has not additional liability beyond the contractual obligations for payment of contributions.

Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the SchoolComp self-insured workers' compensation program administered by Creative Risk Funding, Inc. (the "Association"). The Association is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to a agreed upon retention limit. The plan for workers' compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$0 incurred but not reported claims and a loss-limit of \$12,521. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable and of claims incurred, but not reported at August 31, 2022, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

Unemployment Compensation

During the year ended June 30, 2022, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's board of trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

**S. GENERAL FUND FEDERAL SOURCE REVENUES**

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	Federal Assistance Listing #	Amount
School health and related services	N/A	\$ <u>49,587</u>

**T. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 7, 2022; the date which the financial statements were available for distribution. There were none noted.

**U. TAX ABATEMENTS**

On April 16, 2018, the District's Board of Trustees approved an Agreement with Mesquite Star Special, LLC (the "Applicant) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Each company qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as renewable energy projects.

Value limitation agreements are a part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in the statute. The project(s) under the Chapter 313 Agreement(s) must be consistent with the State’s goal to “encourage large scale capital investments in this state.” Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each Applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the Application’s approval, the Agreements were deemed to have done so by both the District’s Board of Trustees and the Texas Comptroller’s Office, which recommended approval of the projects. The Applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller’s website:

<https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>

After approval, each Applicant company must maintain a viable presence in the District for the entire period of the value limitation, plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that an entity terminates the Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligation under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01 (a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01 (c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of the audit report, the Applicant company is in full compliance with all of their obligations under law and the individual Agreement.

The following is a table related to the net benefit of the project to the District but does not include any (if applicable) interest and sinking impact.

Project:		Mesquite Star Special, LLC (Application #1223)				
First Year Value Limitation:		2021 tax year				
Tax Year 2021 (Fiscal Year 2021-2022)						
(A) Project Value	(B) Project’s Value Limitation Amount	(C) Amount of Applicant’s M&O Taxes Paid	(D) Amount of Applicant’s M&O Taxes Reduced	(E) Company Revenue Loss Payment to School District	(F) Company Supplemental Payment to School District	(G) Net Benefit (Loss) to the School District (C+E+F)
\$ 164,917,500	\$ 30,000,000	\$ 299,730	\$ 1,347,961	\$ 0	\$ 61,400	\$ 361,130

*REQUIRED SUPPLEMENTARY INFORMATION*





ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 3,968,126	\$ 3,978,126	\$ 5,247,107	\$ 1,268,981
5800	State Program Revenues	4,265,442	34,265,442	50,833,568	16,568,126
5900	Federal Program Revenues	47,844	47,844	49,587	1,743
5020	Total Revenues	8,281,412	38,291,412	56,130,262	17,838,850
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	4,844,570	33,094,570	47,710,362	(14,615,792)
0012	Instructional Resources and Media Services	47,216	52,216	44,743	7,473
0013	Curriculum and Instructional Staff Development	46,050	76,050	68,880	7,170
0021	Instructional Leadership	308,680	395,680	295,934	99,746
0023	School Leadership	383,875	383,875	343,345	40,530
0031	Guidance, Counseling, and Evaluation Services	200,506	200,506	172,541	27,965
0033	Health Services	53,595	64,145	53,769	10,376
0034	Student (Pupil) Transportation	191,904	196,904	177,403	19,501
0036	Extracurricular Activities	336,177	411,177	374,218	36,959
0041	General Administration	450,057	675,057	633,928	41,129
0051	Facilities Maintenance and Operations	999,496	1,149,496	1,070,259	79,237
0053	Data Processing Services	41,270	171,270	167,278	3,992
<b>Debt Service:</b>					
0071	Principal on Long-Term Liabilities	176,312	186,312	185,048	1,264
0072	Interest on Long-Term Liabilities	40,294	41,494	34,232	7,262
0073	Bond Issuance Cost and Fees	1,000	1,000	450	550
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	-	1,000,000	995,616	4,384
<b>Intergovernmental:</b>					
0093	Payments to Fiscal Agent/Member Districts of SSA	97,410	97,410	97,274	136
0099	Other Intergovernmental Charges	63,000	83,000	75,105	7,895
6030	Total Expenditures	8,281,412	38,280,162	52,500,385	(14,220,223)
1100	Excess of Revenues Over Expenditures	-	11,250	3,629,877	3,618,627
<b>OTHER FINANCING SOURCES (USES):</b>					
7914	Non-Current Loans	-	1,000,000	1,000,000	-
1200	Net Change in Fund Balances	-	1,011,250	4,629,877	3,618,627
0100	Fund Balance - July 1 (Beginning)	4,905,782	4,905,782	4,905,782	-
3000	Fund Balance - June 30 (Ending)	\$ 4,905,782	\$ 5,917,032	\$ 9,535,659	\$ 3,618,627

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0032521590%	0.0035680568%	0.0036431888%	0.0032267487%	0.0033158130%	0.0033884930%	0.0031674000%	0.0020303000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 828,210	\$ 1,910,978	\$ 1,893,843	\$ 1,776,081	\$ 1,060,218	\$ 1,280,461	\$ 1,119,634	\$ 542,321
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,843,151	3,734,936	2,962,695	3,112,384	1,795,496	1,970,390	1,799,167	1,535,235
Total	<u>\$ 2,671,361</u>	<u>\$ 5,645,914</u>	<u>\$ 4,856,538</u>	<u>\$ 4,888,465</u>	<u>\$ 2,855,714</u>	<u>\$ 3,250,851</u>	<u>\$ 2,918,801</u>	<u>\$ 2,077,556</u>
District's Covered Payroll	\$ 4,928,575	\$ 4,755,893	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977	\$ 3,424,929	\$ 3,634,290	\$ 2,625,229
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	16.80%	40.18%	40.70%	45.51%	30.79%	37.39%	30.81%	20.66%
Plan Fiduciary Net Position as a % of Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Fiscal Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 166,442	\$ 134,091	\$ 127,516	\$ 108,701	\$ 83,903	\$ 85,281	\$ 76,669	\$ 51,473
Contribution in Relation to Contractually Required Contribution	(166,442)	(134,091)	(127,516)	(108,701)	(83,903)	(85,281)	(76,669)	(51,473)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,221,359	\$ 4,824,869	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977	\$ 3,424,929	\$ 3,634,290	\$ 2,625,229
Contributions as a % of Covered Payroll	3.19%	2.78%	2.74%	2.79%	2.44%	2.49%	2.11%	1.96%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED JUNE 30, 2022

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0054889288%	0.0063121829%	0.0057670371%	0.0056250783%	0.0059488235%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 2,117,325	\$ 2,399,546	\$ 2,727,301	\$ 2,808,653	\$ 2,586,920
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	2,836,744	3,224,414	3,623,975	3,175,943	2,815,098
Total	<u>\$ 4,954,069</u>	<u>\$ 5,623,960</u>	<u>\$ 6,351,276</u>	<u>\$ 5,984,596</u>	<u>\$ 5,402,018</u>
District's Covered Payroll	\$ 4,928,575	\$ 4,755,893	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	42.96%	50.45%	58.61%	71.97%	75.14%
Plan Fiduciary Net Position as a % of Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Fiscal Year Ended June 30,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 46,253	\$ 42,554	\$ 40,930	\$ 38,805	\$ 30,928
Contribution in Relation to Contractually Required Contribution	<u>(46,253)</u>	<u>(42,554)</u>	<u>(40,930)</u>	<u>(38,805)</u>	<u>(30,928)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 5,221,359	\$ 4,824,869	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977
Contributions as a % of Covered Payroll	0.89%	0.88%	0.88%	0.99%	0.90%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. 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.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level.

Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

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

Other Post-Employment Benefit Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

See Footnote J page 34 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.

*COMBINING SCHEDULES*

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 24,050	\$ 167,975	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	-	-	12,531	-
1000 Total Assets	<u>\$ 24,050</u>	<u>\$ 167,975</u>	<u>\$ 12,531</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ -	\$ 30,511	\$ -	\$ -
2160 Accrued Wages Payable	21,628	-	-	-
2170 Due to Other Funds	-	-	12,531	-
2200 Accrued Expenditures	2,422	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>24,050</u>	<u>30,511</u>	<u>12,531</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	137,464	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>137,464</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 24,050</u>	<u>\$ 167,975</u>	<u>\$ 12,531</u>	<u>\$ -</u>



281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	459 TRN Grant	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ 9,484	\$ -	\$ -	\$ -	\$ 10,739	\$ -	\$ 25,009	\$ 8,064
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,769	127,446	-	28,095	-	198,000	-	-
<u>\$ 17,253</u>	<u>\$ 127,446</u>	<u>\$ -</u>	<u>\$ 28,095</u>	<u>\$ 10,739</u>	<u>\$ 198,000</u>	<u>\$ 25,009</u>	<u>\$ 8,064</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,940	\$ -
16,882	18,303	-	-	-	-	-	-
-	108,740	-	28,095	-	198,000	-	-
371	403	-	-	-	-	-	-
-	-	-	-	10,739	-	-	8,064
<u>17,253</u>	<u>127,446</u>	<u>-</u>	<u>28,095</u>	<u>10,739</u>	<u>198,000</u>	<u>1,940</u>	<u>8,064</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,069	-
-	-	-	-	-	-	23,069	-
<u>\$ 17,253</u>	<u>\$ 127,446</u>	<u>\$ -</u>	<u>\$ 28,095</u>	<u>\$ 10,739</u>	<u>\$ 198,000</u>	<u>\$ 25,009</u>	<u>\$ 8,064</u>



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022

EXHIBIT H-1

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 245,321	\$ 888,946	\$ 1,134,267
1220 Property Taxes - Delinquent	-	13,738	13,738
1230 Allowance for Uncollectible Taxes	-	(2,502)	(2,502)
1240 Due from Other Governments	373,841	238,146	611,987
1000 Total Assets	<u>\$ 619,162</u>	<u>\$ 1,138,328</u>	<u>\$ 1,757,490</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 32,451	\$ -	\$ 32,451
2160 Accrued Wages Payable	56,813	-	56,813
2170 Due to Other Funds	347,366	-	347,366
2200 Accrued Expenditures	3,196	-	3,196
2300 Unearned Revenue	18,803	-	18,803
2000 Total Liabilities	<u>458,629</u>	<u>-</u>	<u>458,629</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	-	11,236	11,236
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>11,236</u>	<u>11,236</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	137,464	-	137,464
3480 Retirement of Long-Term Debt	-	1,127,092	1,127,092
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	23,069	-	23,069
3000 Total Fund Balances	<u>160,533</u>	<u>1,127,092</u>	<u>1,287,625</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 619,162</u>	<u>\$ 1,138,328</u>	<u>\$ 1,757,490</u>

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA V, B,2 Rural & Low Income
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 36,146	\$ -	\$ -
5800 State Program Revenues	-	6,684	-	-
5900 Federal Program Revenues	124,914	320,436	14,108	12,500
5020 Total Revenues	124,914	363,266	14,108	12,500
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	124,914	-	14,108	12,500
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	292,280	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	124,914	292,280	14,108	12,500
1200 Net Change in Fund Balance	-	70,986	-	-
0100 Fund Balance - July 1 (Beginning)	-	66,478	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 137,464	\$ -	\$ -

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	459 TRN Grant	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 108,599	\$ -	\$ 84,157	\$ 30,647
-	-	-	78,226	16,486	198,000	-	-
146,310	127,446	33,766	-	-	-	-	-
146,310	127,446	33,766	78,226	125,085	198,000	84,157	30,647
146,310	127,446	7,500	78,226	109,108	198,000	-	30,647
-	-	-	-	491	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	93,617	-
-	-	26,266	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,486	-	-	-
146,310	127,446	33,766	78,226	125,085	198,000	93,617	30,647
-	-	-	-	-	-	(9,460)	-
-	-	-	-	-	-	32,529	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,069	\$ -



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 259,549	\$ 1,212,657	\$ 1,472,206
5800 State Program Revenues	299,396	246,126	545,522
5900 Federal Program Revenues	779,480	-	779,480
5020 Total Revenues	<u>1,338,425</u>	<u>1,458,783</u>	<u>2,797,208</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	848,759	-	848,759
0013 Curriculum and Instructional Staff Development	491	-	491
0035 Food Services	292,280	-	292,280
0036 Extracurricular Activities	93,617	-	93,617
0051 Facilities Maintenance and Operations	26,266	-	26,266
Debt Service:			
0071 Principal on Long-Term Liabilities	-	1,050,000	1,050,000
0072 Interest on Long-Term Liabilities	-	129,930	129,930
0073 Bond Issuance Cost and Fees	-	3,604	3,604
Capital Outlay:			
0081 Facilities Acquisition and Construction	15,486	-	15,486
6030 Total Expenditures	<u>1,276,899</u>	<u>1,183,534</u>	<u>2,460,433</u>
1200 Net Change in Fund Balance	61,526	275,249	336,775
0100 Fund Balance - July 1 (Beginning)	99,007	851,843	950,850
3000 Fund Balance - June 30 (Ending)	<u>\$ 160,533</u>	<u>\$ 1,127,092</u>	<u>\$ 1,287,625</u>





*REQUIRED TEA SCHEDULES*

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2022

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	Various	Various	\$ Various
2014	1.170000	0.230000	139,887,066
2015	1.170000	0.230000	144,770,723
2016	1.170000	0.230000	145,528,070
2017	1.170000	0.230000	164,689,541
2018	1.170000	0.230000	176,511,627
2019	1.170000	0.230000	325,819,174
2020	1.068400	0.251600	301,503,405
2021	1.054700	0.345300	319,452,376
2022 (School year under audit)	0.999100	0.246690	347,949,581
1000 TOTALS			

\$486,355,641 was the assessed valuation for interest and sinking fund purposes. The assessed valuation for maintenance and operations was limited pursuant to Chapter 313 of the Property Tax Code for Windfarm Properties.

(10) Beginning Balance 7/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2022
\$ 43,185	\$ -	\$ -	\$ -	\$ (1,515)	\$ 41,670
1,865	-	-	-	(245)	1,620
1,410	-	-	-	(239)	1,171
2,888	-	33	7	(239)	2,609
3,210	-	5	1	(265)	2,939
2,606	-	119	23	(265)	2,199
5,654	-	795	147	(267)	4,445
10,179	-	2,950	735	(286)	6,208
36,599	-	18,058	6,387	(254)	11,900
-	4,676,155	3,446,323	1,192,601	(4,518)	32,713
<u>\$ 107,596</u>	<u>\$ 4,676,155</u>	<u>\$ 3,468,283</u>	<u>\$ 1,199,901</u>	<u>\$ (8,093)</u>	<u>\$ 107,474</u>

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 59,041	\$ 59,041	\$ 36,146	\$ (22,895)
5800 State Program Revenues	1,389	1,389	6,684	5,295
5900 Federal Program Revenues	244,878	262,584	320,436	57,852
5020 Total Revenues	305,308	323,014	363,266	40,252
<b>EXPENDITURES:</b>				
Current:				
0035 Food Services	305,308	323,014	292,280	30,734
6030 Total Expenditures	305,308	323,014	292,280	30,734
1200 Net Change in Fund Balances	-	-	70,986	70,986
0100 Fund Balance - July 1 (Beginning)	66,478	66,478	66,478	-
3000 Fund Balance - June 30 (Ending)	\$ 66,478	\$ 66,478	\$ 137,464	\$ 70,986

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 339,836	\$ 1,206,836	\$ 1,212,657	\$ 5,821
5800 State Program Revenues	7,000	7,000	246,126	239,126
5020 Total Revenues	346,836	1,213,836	1,458,783	244,947
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	225,001	1,050,001	1,050,000	1
0072 Interest on Long-Term Liabilities	116,735	136,735	129,930	6,805
0073 Bond Issuance Cost and Fees	5,100	5,100	3,604	1,496
6030 Total Expenditures	346,836	1,191,836	1,183,534	8,302
1200 Net Change in Fund Balances	-	22,000	275,249	253,249
0100 Fund Balance - July 1 (Beginning)	851,843	851,843	851,843	-
3000 Fund Balance - June 30 (Ending)	\$ 851,843	\$ 873,843	\$ 1,127,092	\$ 253,249

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 2022

**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2948402
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	2583065
<hr/>		

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	367364
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	321769
<hr/>		

*OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION*





# Cameron L. Gulley

CERTIFIED PUBLIC ACCOUNTANT

P. O. Box 163  
Eastland, Texas 76448  
(325)669-9795  
cgulley@txol.net

## Independent Auditor's Report

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roscoe Collegiate Independent School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated November 7, 2022.

#### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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.

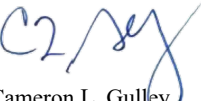
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roscoe Collegiate Independent School District's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* listed as item 2021-1 on the accompanying Schedule of Findings and Questioned Costs.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

  
Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 7, 2022



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2022

Finding	Statement of Condition	Material Weakness?	Questioned Costs
2021-1	<p><u>State Compliance - Excess Expenditures Over Appropriations</u></p> <p>The District failed to identify functional categories within its General Fund when expenditures exceeded the amended budget.</p> <p><u>Status:</u></p> <p>The District again exceeded its final amended budget for the current year under audit. See continuation finding 2021-1 on the accompanying Schedule of Findings and Questioned Costs.</p>	No	None



**ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? No.

Significant deficiency(ies) identified that are not considered to be material weaknesses? No.

Noncompliance material to financial statements noted? No.

B. Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified.

Internal control over major programs:

Material weakness(es) identified? No.

Significant deficiency(ies) identified that are not considered to be material weaknesses? No.

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? No.

Major programs are as follows:

84.425D - ESSER II - CRRSA	\$ 146,310
84.425U - ESSER III - American Rescue Plan	127,446
Total	\$ 273,756

Threshold used to distinguish between type A and type B programs: \$ 750,000.

Auditee qualified as low-risk auditee? Yes.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2021-1 State Compliance - Excess Expenditures Over Appropriations (continuation finding)

Criteria In accordance with Texas Education Code §44.006, expenditures from governmental fund types cannot be made without authority of appropriation.

Statement of Condition The District failed to identify functional categories within its General Fund when expenditures exceeded the amended budget. Following are the net variances for each of the affected functional category which exceeded the budget by more than \$2,500:

Functional Category	Final Amended Budget	Actual Expenditure	Budget Variance
Function 0011 - Instruction	\$ 33,094,570	\$ 47,710,362	\$ (14,615,792)

Questioned Costs None.

Cause and Effect The District entered into a virtual school learning cooperative contract in October, 2021. The contract called for an educational instructional partnership with the District and K12 Virtual Schools LLC (“K12”) whereby the District received 100% of the state foundation allotment attributable to the virtual school students and K12 performed the educational support to the online students resulting in fees paid to K12 from the District of approximately \$43 million for more than 4,300 additional students instructed in the District by K12. While the District amended its budget to account for the increased revenue and expenditures, the actual earnings and related expenditures to K12 were more than was budgeted and projected at year-end. The result was that the instructional budget category was exceeded.

Recommendations The District should review its business services procedures and analyses of account transactions and balances. Budget amendments should be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted.

III. Findings and Questioned Costs for Federal Awards

None.

# **R**OSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

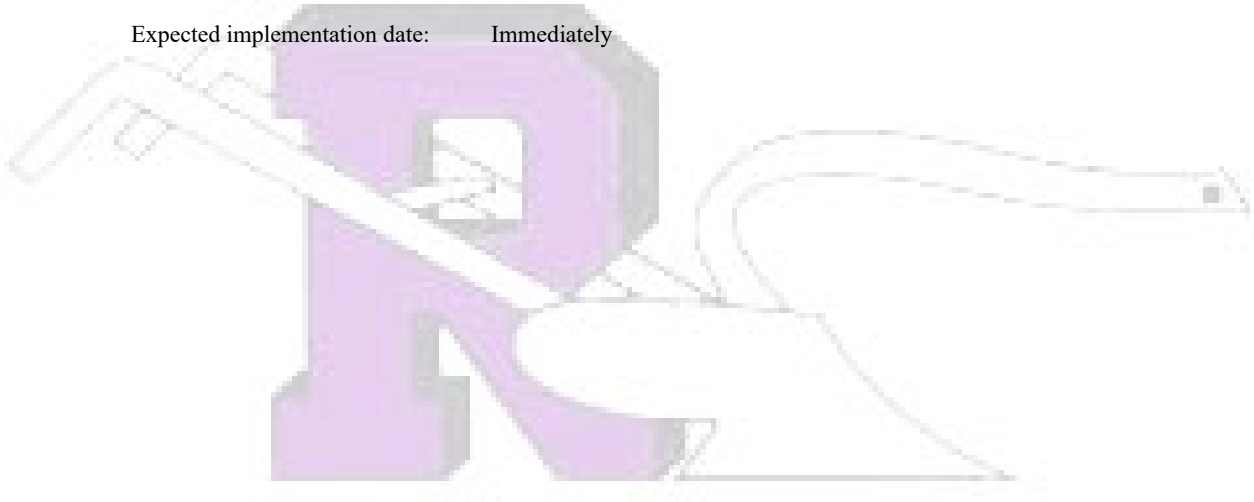
P.O. BOX 579, Roscoe, Texas 79545 325/766-3629 FAX 325/766-3138  
www.roscoe.esc14.net

## **CORRECTIVE ACTION PLAN**

2021-1 We will review our business services procedures and analyses of account transactions and balances. Budget amendments will be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted and before the actual expenditure of funds.

Contact representative: Sabrina Bishop, business manager  
P.O. Box 579  
Roscoe, Texas 79545  
(325) 766-3629

Expected implementation date: Immediately







*FEDERAL AWARDS SECTION*



## Independent Auditor's Report

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

#### Report on Compliance for Each Major Federal Program

I have audited Roscoe Collegiate Independent School District's 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 June 30, 2022. Roscoe Collegiate Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on compliance for each of Roscoe Collegiate Independent School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Roscoe Collegiate Independent School District's compliance.

#### *Opinion on Each Major Federal Program*

In my opinion, Roscoe Collegiate Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

## Report on Internal Control Over Compliance

Management of Roscoe Collegiate Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 7, 2022

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT K-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing #	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
School Breakfast Program *	10.553	N/A	\$ 64,276
National School Lunch Program - cash assistance *	10.555	N/A	206,494
National School Lunch Program - noncash assistance *	10.555	N/A	31,960
National School Lunch Program - supply chain assistance grant *	10.555	6TX300400	17,706
Total FAL #10.555			<u>256,160</u>
Total Passed Through Texas Department of Agriculture			<u>320,436</u>
Total U.S. Department of Agriculture			<u>320,436</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
ESSA Title V, Part B, Subpart 2 - Rural and Low-Income Schools Program	84.358	N/A	12,500
Total Direct Programs			<u>12,500</u>
Passed Through Texas Education Agency:			
ESSA Title I Part A - Improving Basic Programs	84.010	22610101177901	124,914
Elementary and Secondary School Emergency Relief Fund - CRRSA Act *	84.425D	21521001177901	146,310
Elementary and Secondary School Emergency Relief Fund - American Rescue Plan *	84.425U	21528001177901	127,446
Total FAL #84.425			<u>273,756</u>
Total Passed Through Texas Education Agency			<u>398,670</u>
Passed Through Education Service Center Region 14:			
ESSA Title II, Part A - Teacher and Principal Training and Recruiting	84.367	22694501221950	14,108
ESSA Title IV, Part A, Subpart 1 - Student Support and Academic Enrichment	84.424	22680101221950	7,500
Total Passed Through Education Service Center Region 14			<u>21,608</u>
Total U.S. Department of Education			<u>432,778</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Texas Department of State Health Services:			
COVID-19 ELC Reopening Schools	93.323	39352201	26,266
Total Passed Through Texas Department of State Health Services			<u>26,266</u>
Total U.S. Department of Health and Human Services			<u>26,266</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 779,480</u>

\* Clustered programs

The accompanying notes are an integral part of this statement.

**ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

1. For all federal programs, the District uses the fund types specified in Texas Education Agency’s *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund.
2. The accompanying schedule of expenditures of federal awards included the federal grant activity of the District and is presented on the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (both measurable and available) and expenditures in the accounting period in which the fund liability is incurred (if measurable) except for unmatured interest on General Long-Term Debt (which is recognized when due) and certain compensated absences and claims and judgments (which are recognized when the obligations are expected to be liquidated with expendable available financial resources).

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 120 days beyond the federal project period ending date, in accordance with Section H, Period of Performance, 2 CFR Section 200.344(b).
4. Non-monetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expenditures are reported in the Child Nutrition Special Revenue Fund using the CFDA numbers of the programs under which the USDA donated the commodities.
5. The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.
6. A reconciliation of federal program revenues and expenditures is as follows:

Total federal revenues per Exhibit C-3	\$	829,067
Less: non-federal SHARS reimbursements		(49,587)
Total federal expenditures per Exhibit K-1	<u>\$</u>	<u>779,480</u>