



Financial Statements
August 31, 2022

Wylie Independent School District

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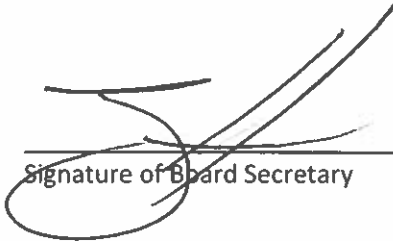
Certificate of the Board

Wylie Independent School District
Name of School District

Taylor
County

221-912
Co.-Dist. Number

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



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproves of the auditors' report, the reason(s) for disapproving it is/are:
(attach list if necessary)



Independent Auditor's Report

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 19 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. Accordingly, a restatement has been made to the governmental activities' net position as of August 31, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension plan schedules, OPEB plan schedules, and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, 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, we also have issued our report dated November 29, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

Abilene, Texas
November 29, 2022

This section of Wylie Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022.

FUND STATEMENT FINANCIAL HIGHLIGHTS

- The District's total combined governmental fund balances were \$8,248,625.
- During the year, the District's expenditures were \$3,156,641 more than the \$55.2 million generated in taxes, state funding and other revenues for governmental funds.
- The total expenditures of the District's programs increased approximately 5.7% over the prior year.
- The general fund reported a decrease in fund balance this year of \$3,644,727.
- The resources available for appropriation were \$1,166,671 more than the final budgeted revenues for the general fund and expenditures were \$76,808 less than the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that presents combining statements for nonmajor governmental funds and other TEA required schedules.

The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplementary information. The Texas Education Agency also requires certain schedules be included as other supplementary information. The following summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the District's Government-wide and Fund Financial Statements

Type of Statement	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire's District's except fiduciary funds	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's accounts
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic measurement focus	Modified accrual accounting and current measurement focus	Accrual accounting and economic measurement focus	Accrual accounting and economic measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or 60 days thereafter, no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during year or 60 days after the end of the year, expenditures when goods or services have been received and payment is due during the year or 60 days thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, liabilities, deferred outflows and deferred inflows, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include:

- Governmental activities – All of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes, state aid, and grants finance most of these activities.

Fund Financial Statements

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

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

The District has three kinds of funds:

- Governmental funds- Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- Proprietary funds – The District uses a proprietary fund to track the revenues and expenses related to their worker's compensation self-insurance program in an internal service fund. The various functions within the District are charged for their share of the insurance, which is then transferred to the internal service fund. The internal service fund pays all expenses of the self-insurance program from the charges received from the District's functions. The activity in the self-insurance fund is reported in the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows of the proprietary fund.

- **Fiduciary funds-** The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are custodial funds and are reported in separate statements of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE – GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position – The District's combined net position was \$48,113,015 at August 31, 2022.

The District's Net Position

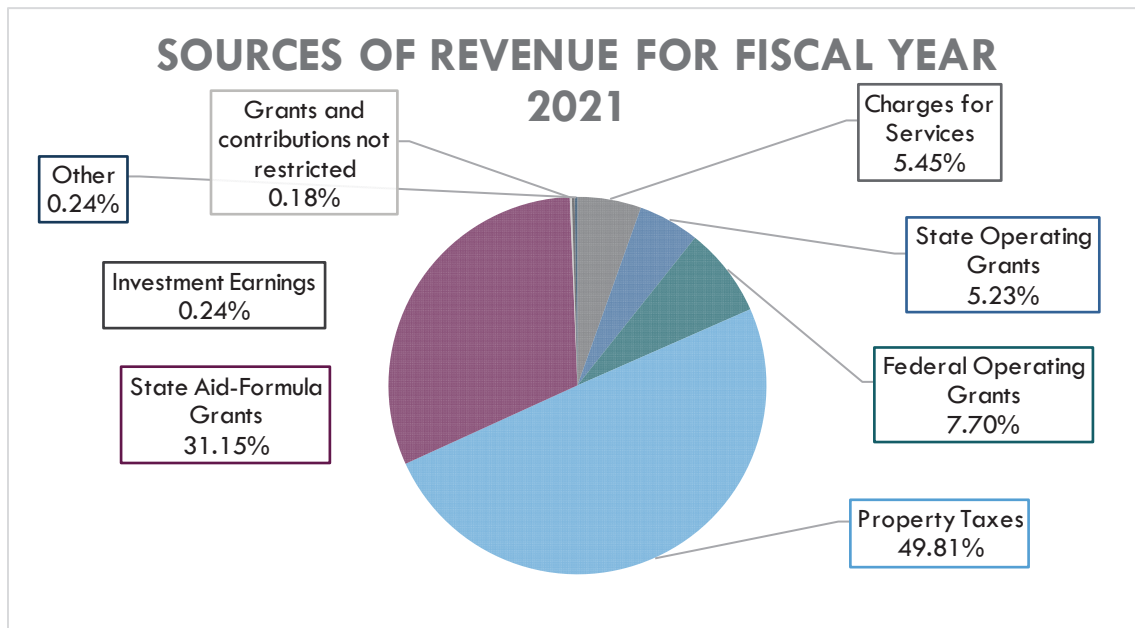
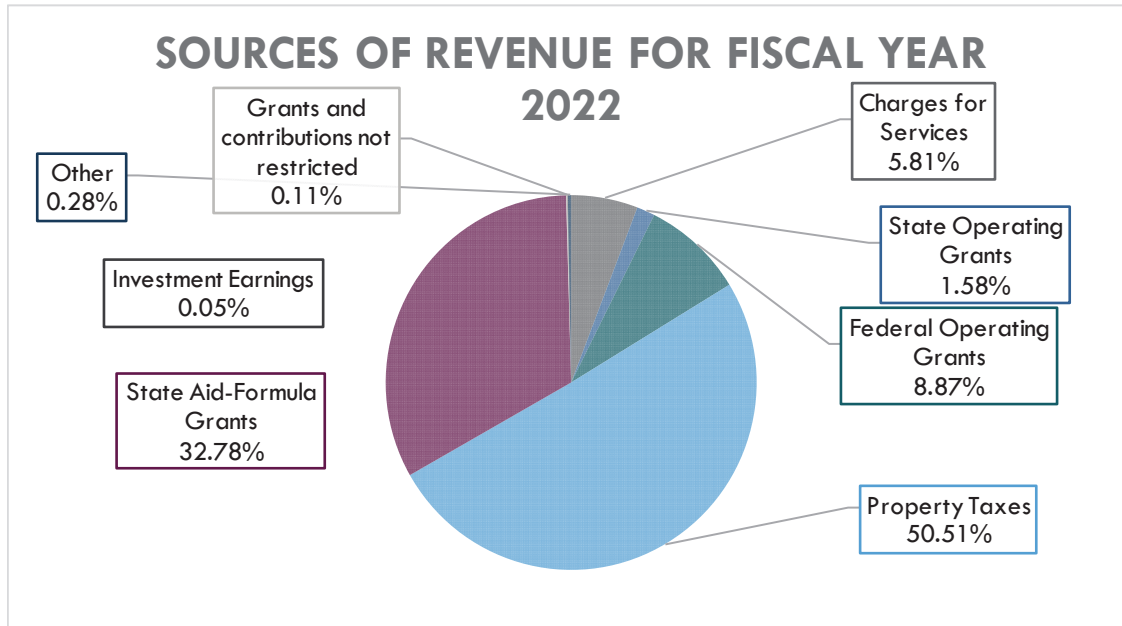
	Governmental Activities	
	2022	2021 (as restated)
Current Assets	\$ 11,603,806	\$ 15,544,621
Capital Assets	108,869,950	107,377,791
Deferred Outflows	7,959,000	7,429,908
Total assets and deferred outflows of resources	128,432,756	130,352,320
Current Liabilities	3,382,065	4,031,162
Long-Term Liabilities	63,963,114	70,639,979
Deferred Inflows	12,974,562	9,379,817
Total liabilities and deferred inflows of resources	80,319,741	84,050,958
Net Investment in Capital Assets	60,698,518	55,981,253
Restricted	1,043,618	664,789
Unrestricted	(13,629,121)	(10,344,680)
Total net position	\$ 48,113,015	\$ 46,301,362

Net position of the District's governmental activities increased 3.9% to \$48,113,015. Unrestricted net position was \$(13,629,121) at the end of this year.

The District recorded its proportionate share of the net pension liability of \$4,433,446, deferred outflows of resources of \$3,624,293, and deferred inflows of resources of \$5,074,324. The District recorded its proportionate share of the net OPEB liability of \$11,358,236, deferred outflows of resources of \$4,334,707, and deferred inflows of resources of \$7,900,238.

Changes in net position – The District's total revenues were \$53,600,749 for the year ended August 31, 2022. (See the table "Changes in the District's Net Position"). In the 2022 fiscal year, 50.5% of the District's revenue came from property taxes, 32.7% came from state allocations, and the remainder from charges for services and federal and state grants.

The total cost of all programs and services was \$51,789,096 of which 52.2% was for direct instruction program costs. The District's expenses cover a range of programs from instructional, health services, student transportation, food services, plant maintenance and operations, and various other areas of service to students.



Changes in the District's Net Position

	Governmental Activities	
	2022	2021 (as restated)
Revenues		
Program Revenues		
Charges for Services	\$ 3,113,297	\$ 2,932,398
State Operating Grants	849,364	2,814,426
Federal Operating Grants	4,755,325	4,137,955
General Revenues		
Property Taxes	27,074,758	26,782,463
State Aid-Formula Grants	17,569,497	16,748,312
Grants and contributions not restricted	61,328	98,247
Investment Earnings	25,559	128,093
Other	151,621	127,806
Total revenues	<u>53,600,749</u>	<u>53,769,700</u>
Expenses		
Instruction	27,048,448	26,869,277
Extracurricular Activities	3,514,888	3,235,641
General Administration	1,350,245	1,374,424
Facilities Maintenance and Operations	6,110,130	5,339,279
School Leadership	2,024,392	1,982,347
Food Services	2,758,897	2,427,438
Student Transportation	2,258,741	1,997,268
Other Functions	6,723,355	6,110,032
Total expenses	<u>51,789,096</u>	<u>49,335,706</u>
Change in Net Position	1,811,653	4,433,994
Beginning Net Position	<u>46,301,362</u>	<u>41,867,368</u>
Ending Net Position	<u><u>\$ 48,113,015</u></u>	<u><u>\$ 46,301,362</u></u>

The following table presents the cost of each of the District's largest programs as well as each program's net cost (total cost less fees generated by program activities). The net cost shows the financial burden that was placed on the District's taxpayers and state aid funding by each of these functions.

- The cost of all governmental activities this year was \$51,789,096.
- The amount that our taxpayers paid for these activities through property taxes was \$27,074,758.

	Total Cost of Services	Program Revenues	Net Costs
Instruction	\$ 27,048,448	\$ 3,289,159	\$ (23,759,289)
School Leadership	2,024,392	48,789	(1,975,603)
Food Services	2,758,897	3,355,545	596,648
Extracurricular	3,514,888	1,184,181	(2,330,707)
Student Transportation	2,258,741	23,703	(2,235,038)
Other Programs	14,183,730	816,609	(13,367,121)
Total	<u>\$ 51,789,096</u>	<u>\$ 8,717,986</u>	<u>\$ (43,071,110)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

Revenues from governmental fund types totaled \$55,213,038. Local revenues decreased \$11,247 and state revenue increased \$858,168 from the prior year primarily as a result of higher state allotments in the current year. Federal revenue increased \$1,208,066.

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed. The final amended budget planned for expenditures and transfers out to exceed revenues by \$4,857,800 whereas there was an actual decrease in fund balance of \$3,644,727 at August 31, 2022. As noted earlier:

- Local funding was \$72,142 above the final budget.
- State program revenues were \$1,082,475 above the final budget.
- Actual expenditures were below budgeted amounts for total expenditures by \$76,808.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had invested \$167,742,938 in a broad range of capital assets, including land, equipment, and buildings. Accumulated depreciation and amortization on these assets was \$58,872,988 at year end. The net amount of capital assets represents a net increase (including additions and deductions) of \$1,492,159 over last year. The most significant change in capital assets was the ongoing construction of the new intermediate campus.

Wylie Independent School District
Management's Discussion and Analysis
August 31, 2022

	Governmental Activities	
	2022	2021 (as restated)
Land	\$ 1,944,458	\$ 1,944,458
Construction in Progress	85,800	9,419,760
Buildings and Improvements	156,143,410	140,515,513
Furniture and Equipment	9,224,931	8,894,058
Right-to-use leased assets	344,339	344,339
Totals at historical costs	167,742,938	161,118,128
Less Accumulated Depreciation for		
Buildings and Improvements	(50,347,364)	(45,777,520)
Furniture and Equipment	(8,296,403)	(7,800,396)
Right-to-use leased asset	(229,221)	(162,421)
Total accumulated depreciation	(58,872,988)	(53,740,337)
Net Capital Assets	<u>\$ 108,869,950</u>	<u>\$ 107,377,791</u>

More detailed information about the District's capital assets is presented in Note 8 to the financial statements.

Long-Term Debt

	Governmental Activities	
	2022	2021 (as restated)
Bond and Notes Payable	\$ 43,940,000	\$ 47,455,000
Unamortized Bond Premium	3,445,303	3,757,220
Finance Contract	669,900	-
Leases payable	116,229	184,318
Total	<u>\$ 48,171,432</u>	<u>\$ 51,396,538</u>

At year-end the District had \$48,171,432 in bonds, notes and other long-term obligations, a decrease of \$3,225,106 from the prior year's balance due to payment of long-term debt obligations. More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In preparing for the fiscal year 2023, the District projected an increase in state funding due to the increased enrollment of students from the previous year and a continuing increase in property values in our District. There was an increase in federal funding due to the ESSER COVID-19 recovery fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Wylie Independent School District
Statement of Net Position (Exhibit A-1)
August 31, 2022

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 9,973,525
1220	Delinquent property taxes receivable	286,331
1230	Allowance for uncollectible taxes (credit)	(111,864)
1240	Due from other governments	1,455,814
	Capital assets	
1510	Land	1,944,458
1520	Buildings, net	105,796,046
1530	Furniture and equipment, net	928,528
1550	Intangible asset - right to use lease asset, net	115,118
1580	Construction in progress	85,800
1000	Total assets	<u>120,473,756</u>
	Deferred outflows of resources	
1705	Deferred outflows - pension	3,624,293
1706	Deferred outflows - OPEB	4,334,707
1700	Total deferred outflows of resources	<u>7,959,000</u>
	Liabilities	
2110	Accounts payable	786,728
2140	Interest payable	86,966
2160	Accrued wages payable	2,438,649
2177	Due to fiduciary funds	4,904
2200	Accrued expenses	35,000
2300	Unearned revenues	29,818
	Noncurrent liabilities	
2501	Due within one year	3,823,079
2502	Due in more than one year	44,348,353
2540	Net pension liability	4,433,446
2545	Net OPEB liability	11,358,236
2000	Total liabilities	<u>67,345,179</u>
	Deferred inflows of resources	
2605	Deferred inflows - pension	5,074,324
2606	Deferred inflows - OPEB	7,900,238
2600	Total deferred inflows of resources	<u>12,974,562</u>
	Net position	
3200	Net investment in capital assets	60,698,518
3820	Restricted for grants	770,740
3850	Restricted for debt service	272,878
3900	Unrestricted	(13,629,121)
3000	Total net position	<u>\$ 48,113,015</u>

Data Control Codes	Functions/Programs	Program Revenues		
		1	3	4
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental Activities			
11	Instruction	\$ 27,048,448	\$ 1,205,380	\$ 2,083,779
12	Instructional Resources and Media Services	379,221	-	8,385
13	Curriculum and Instructional Staff Development	138,593	-	36,282
21	Instructional Leadership	375,180	-	(5,290)
23	School Leadership	2,024,392	-	48,789
31	Guidance, Counseling, and Evaluation Services	1,485,279	-	558,571
32	Social Work Services	131,500	-	42,000
33	Health Services	385,575	-	5,958
34	Student Transportation	2,258,741	-	23,703
35	Food Services	2,758,897	722,670	2,632,875
36	Extracurricular Activities	3,514,888	1,172,057	12,124
41	General Administration	1,350,245	-	32,911
51	Facilities Maintenance and Operations	6,110,130	13,190	42,331
52	Security and Monitoring Services	566,755	-	25,977
53	Data Processing Services	735,057	-	9,223
61	Community Services	119,865	-	1,676
72	Interest on Long Term Debt	1,599,470	-	45,395
81	Facilities Acquisition and Construction	806,860	-	-
TG	Total governmental activities	51,789,096	3,113,297	5,604,689
TP	Total primary government	\$ 51,789,096	\$ 3,113,297	\$ 5,604,689
	General Revenues			
	Taxes			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
SF	State Aid - Formula Grants			
GC	Grants and contributions not restricted			
IE	Investment Earnings			
MI	Miscellaneous			
TR	Total general revenues			
	CN Change in Net Position			
	NB Net Position - Beginning			
	PA Prior Period Adjustment			
	Net Position - Beginning, as restated			
	NE Net Position - Ending			

See Notes to Financial Statements

Wylie Independent School District

Statement of Activities (Exhibit B-1)

August 31, 2022

		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	
5		6	8
Capital Grants and Contributions		Governmental Activities	Total
\$	-	\$ (23,759,289)	\$ (23,759,289)
	-	(370,836)	(370,836)
	-	(102,311)	(102,311)
	-	(380,470)	(380,470)
	-	(1,975,603)	(1,975,603)
	-	(926,708)	(926,708)
	-	(89,500)	(89,500)
	-	(379,617)	(379,617)
	-	(2,235,038)	(2,235,038)
	-	596,648	596,648
	-	(2,330,707)	(2,330,707)
	-	(1,317,334)	(1,317,334)
	-	(6,054,609)	(6,054,609)
	-	(540,778)	(540,778)
	-	(725,834)	(725,834)
	-	(118,189)	(118,189)
	-	(1,554,075)	(1,554,075)
	-	(806,860)	(806,860)
	-	(43,071,110)	(43,071,110)
\$	-	(43,071,110)	(43,071,110)
		22,556,416	22,556,416
		4,518,342	4,518,342
		17,569,497	17,569,497
		61,328	61,328
		25,559	25,559
		151,621	151,621
		44,882,763	44,882,763
		1,811,653	1,811,653
		46,303,762	46,303,762
		(2,400)	(2,400)
		46,301,362	46,301,362
		\$ 48,113,015	\$ 48,113,015

Wylie Independent School District
Balance Sheet – Governmental Funds (Exhibit C-1)
August 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
Assets				
1110 Cash and cash equivalents	\$ 8,194,226	\$ 193,000	\$ 1,582,005	\$ 9,969,231
1220 Delinquent property taxes receivable	246,032	40,299	-	286,331
1230 Allowance for uncollectible taxes (credit)	(95,952)	(15,912)	-	(111,864)
1240 Receivables from other governments	1,402,734	-	53,080	1,455,814
1260 Due from other funds	136,802	142,457	469,646	748,905
1000 Total assets	<u>9,883,842</u>	<u>359,844</u>	<u>2,104,731</u>	<u>12,348,417</u>
1000a Total assets and deferred outflows of resources	<u><u>\$ 9,883,842</u></u>	<u><u>\$ 359,844</u></u>	<u><u>\$ 2,104,731</u></u>	<u><u>\$ 12,348,417</u></u>
Liabilities				
2110 Accounts payable	\$ 486,515	\$ -	\$ 300,213	\$ 786,728
2160 Accrued wages payable	2,356,113	-	82,536	2,438,649
2170 Due to other funds	646,637	-	137,878	784,515
2300 Unearned revenues	29,818	-	-	29,818
2000 Total liabilities	<u>3,519,083</u>	<u>-</u>	<u>520,627</u>	<u>4,039,710</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	56,186	3,896	-	60,082
2600 Total deferred inflows of resources	<u>56,186</u>	<u>3,896</u>	<u>-</u>	<u>60,082</u>
Fund balances				
3450 Restricted - federal or state funds grant	-	-	770,740	770,740
3480 Restricted - retirement of long-term debt	-	355,948	-	355,948
3545 Committed fund balance	-	-	813,364	813,364
3590 Assigned - other	459,702	-	-	459,702
3600 Unassigned	5,848,871	-	-	5,848,871
3000 Total fund balances	<u>6,308,573</u>	<u>355,948</u>	<u>1,584,104</u>	<u>8,248,625</u>
4000 Total liabilities, deferred inflows and fund balances	<u><u>\$ 9,883,842</u></u>	<u><u>\$ 359,844</u></u>	<u><u>\$ 2,104,731</u></u>	<u><u>\$ 12,348,417</u></u>

Wylie Independent School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1R)

August 31, 2022

Total Fund Balances - Governmental Funds (Exhibit C-1)		\$ 8,248,625
1 The District uses internal service funds to charge the costs of certain activities, such as workers compensation, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is no change in net position.		-
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		108,869,950
3 Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(41,260,000)	
Maintenance tax notes	(2,135,000)	
Time warrants	(545,000)	
Finance contracts	(669,900)	
Leases payable	(116,229)	
Unamortized premiums on bonds payable	(3,445,303)	
Interest payable on long-term debt	<u>(86,966)</u>	(48,258,398)
4 Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:		
Deferred inflow of resources for property taxes		60,082
5 The government-wide statements include the District's proportionate share of the TRS net pension liability and TRS-Care net OPEB liability, as well as certain pension and OPEB related transactions accounted for as deferred inflows and outflows of resources.		
Net pension liability	(4,433,446)	
Deferred outflows of resources - TRS pension	3,624,293	
Deferred inflows of resources - TRS pension	(5,074,324)	
Net OPEB liability	(11,358,236)	
Deferred outflows of resources - TRS-Care OPEB	4,334,707	
Deferred inflows of resources - TRS-Care OPEB	<u>(7,900,238)</u>	<u>(20,807,244)</u>
19 Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 48,113,015</u>

Wylie Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)
Year Ended August 31, 2022

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
Revenues					
5700	Total local and intermediate sources	\$ 23,341,142	\$ 4,543,636	\$ 1,734,549	\$ 29,619,327
5800	State program revenues	19,738,975	45,395	116,962	19,901,332
5900	Federal program revenues	937,054	-	4,755,325	5,692,379
5020	Total revenues	<u>44,017,171</u>	<u>4,589,031</u>	<u>6,606,836</u>	<u>55,213,038</u>
Expenditures					
Current					
0011	Instruction	25,065,217	-	1,577,645	26,642,862
0012	Instructional resources and media services	290,664	-	-	290,664
0013	Curriculum and instructional staff development	110,778	-	36,412	147,190
0021	Instructional leadership	433,390	-	2,606	435,996
0023	School leadership	2,059,064	-	280	2,059,344
0031	Guidance, counseling, and evaluation services	960,251	-	539,538	1,499,789
0032	Social work services	91,500	-	40,000	131,500
0033	Health services	371,625	-	-	371,625
0034	Student (pupil) transportation	2,168,542	-	-	2,168,542
0035	Food services	-	-	2,694,368	2,694,368
0036	Extracurricular activities	2,134,170	-	927,972	3,062,142
0041	General administration	1,370,319	-	15,383	1,385,702
0051	Facilities maintenance and operations	5,019,341	-	-	5,019,341
0052	Security and monitoring services	568,619	-	17,083	585,702
0053	Data processing services	726,455	-	-	726,455
0061	Community Services	123,597	-	-	123,597
Debt service					
0071	Principal on long-term debt	554,596	3,030,000	-	3,584,596
0072	Interest on long-term debt	80,984	1,826,494	-	1,907,478
Capital outlay					
0081	Facilities acquisition and construction	6,172,280	-	-	6,172,280
6030	Total expenditures	<u>48,301,392</u>	<u>4,856,494</u>	<u>5,851,287</u>	<u>59,009,173</u>
1100	Excess (deficiency) of revenues Over (under) expenditures	<u>(4,284,221)</u>	<u>(267,463)</u>	<u>755,549</u>	<u>(3,796,135)</u>
Other financing sources (uses)					
7912	Sale of real and personal property	300	-	-	300
7914	Proceeds from note payable	669,900	-	-	669,900
8911	Operating transfers out	(30,706)	-	-	(30,706)
7080	Total other financing sources (uses)	<u>639,494</u>	<u>-</u>	<u>-</u>	<u>639,494</u>
1200	Net change in fund balances	(3,644,727)	(267,463)	755,549	(3,156,641)
0100	Fund balance, beginning of year	9,953,300	623,411	828,555	11,405,266
3000	Fund balance, end of year	<u>\$ 6,308,573</u>	<u>\$ 355,948</u>	<u>\$ 1,584,104</u>	<u>\$ 8,248,625</u>

Wylie Independent School District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (Exhibit C-2R) Year Ended August 31, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ (3,156,641)
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The change in net position of internal service funds is reported with governmental activities. The net effect of this consolidation is to decrease net position.	(2,526)
2 Current year capital outlays and debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2022 capital outlays of \$6,632,410, bond principal payments of \$3,030,000 and other long-term debt payments of \$553,089 is to increase net position.	10,215,499
3 Depreciation and amortization is not recognized as an expenditure 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.	(5,140,251)
4 Governmental funds report debt proceeds and premium on issuance of debt as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing debt proceeds of \$669,900, to liabilities is to decrease net position.	(669,900)
5 Bond premiums are recorded as revenues when received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	311,917
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 property taxes of \$60,082 as revenue, removing prior year's tax collection of \$190,231 and eliminating interfund transactions.	(130,149)
7 Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the accrual is an increase of \$2,402. The net effect is to decrease net position.	(2,402)
8 Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$107,531. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$35,830. The net effect is an increase in net position.	143,361
9 Certain expenditures for the OPEB that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of \$4,022. The District's share of the unrecognized deferred inflows and outflows for OPEB as of the measurement date must be amortized and the District's proportionate share of the OPEB expense must be recognized. These cause the change in net position to increase in the amount of \$238,723. The net effect is an increase in net position.	242,745
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ 1,811,653</u>

Wylie Independent School District
Statement of Net Position – Proprietary Fund (Exhibit D-1)
August 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 4,294
Due from other funds	<u>30,706</u>
Total assets	<u>35,000</u>
Liabilities	
Current liabilities	
Accrued expenses	<u>35,000</u>
Total liabilities	<u>35,000</u>
Net position	
Unrestricted net position	<u>-</u>
Total net position	<u><u>\$ -</u></u>

Wylie Independent School District

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund (Exhibit D-2)

Year Ended August 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
Operating revenues	
Local and intermediate sources	\$ 26
Transfers from other funds	<u>30,706</u>
Total operating revenues	<u>30,732</u>
Operating expenses	
Other operating costs	<u>33,258</u>
Total operating expenses	<u>33,258</u>
Operating loss	<u>(2,526)</u>
Change in net position	(2,526)
Total net position - beginning of year	<u>2,526</u>
Total net position - end of year	<u><u>\$ -</u></u>

Wylie Independent School District
Statement of Cash Flows – Proprietary Fund (Exhibit D-3)
Year Ended August 31, 2022

	Governmental Activities <u>Internal Service Fund</u>
Operating activities	
Cash received from other funds for services	\$ 842
Payments to vendors for services	<u>(36,270)</u>
Net cash used for operating activities	<u>(35,428)</u>
Net change in cash and cash equivalents	(35,428)
Cash - beginning of the year	<u>39,722</u>
Cash - end of the year	<u><u>\$ 4,294</u></u>
Reconciliation of operating income to net cash used for operating activities	
Operating loss	\$ (2,526)
Changes in operating assets and liabilities	
Increase in due from other funds	(29,890)
Decrease in accounts payable	<u>(3,012)</u>
Net cash used for operating activities	<u><u>\$ (35,428)</u></u>

Wylie Independent School District
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)
August 31, 2022

	Custodial Fund
	<u> </u>
Assets	
Cash and cash equivalents	\$ 12,766
Due from other funds	<u> 4,904</u>
Total assets	<u> 17,670</u>
	<u> 17,670</u>
Net Position	
Restricted for student activities	<u> 17,670</u>
	<u> 17,670</u>
Total net position	<u> \$ 17,670</u>

Wylie Independent School District
Statement of Changes in Fiduciary Net Position - Fiduciary Fund (Exhibit E-2)
August 31, 2022

	Custodial Fund
Additions	
Contributions	<u>\$ 158,529</u>
Total additions	<u>158,529</u>
Deductions	
Extracurricular activities	<u>154,424</u>
Total deductions	<u>154,424</u>
Change in net position	4,105
Net position, beginning	<u>13,565</u>
Net position, ending	<u><u>\$ 17,670</u></u>

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Wylie Independent School District (the District). The public elects the members of the Board of Trustees. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the trustees, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. There are no component units included within the reporting entity. The financial statements of the District include all activities for which the Board exercises these governance responsibilities.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The Proprietary Fund Types and Fiduciary Funds are accounted for using the *economic resources measurement focus and 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund, a governmental fund type, accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest on long-term debt of governmental activities.

Additionally, the government reports the following fund types:

The special revenue funds, a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

The internal service fund, a proprietary fund type, accounts for its self-insurance plan. The general fund is contingently liable for liabilities of this fund.

Custodial funds, a fiduciary fund type, account for resources held for others in a custodial capacity. The District's Custodial Fund is the student activity fund. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the workers' compensation insurance internal service fund are District contributions for workers' compensation. Operating expenses include claims expense and administrative expense for administering the workers' compensation insurance fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets 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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Buildings and improvements	30
Furniture and equipment	5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 premiums or discounts.

In the fund statements, governmental fund types recognize bond premiums and discounts 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.

Deferred Outflows/Inflows of Resources

Deferred outflows/inflows of resources are separate elements of the financial statements. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, for unavailable revenue from property taxes as well as for its proportionate share of TRS's deferred inflow related to pensions as described in Note 9 and its OPEB liability as described in Note 10. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has deferred outflows of resources for its proportionate share of TRS's deferred outflow related to pensions as described in Note 9 and for its proportionate share of TRS-Care's deferred outflow related to OPEB as described in Note 10.

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.

OPEB

The fiduciary net position of the 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 relating 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.

Use of Estimates

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

Implementation of GASB Statement No. 87

As of September 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 9 and the additional disclosures required by this standard is included in Note 7.

New Accounting Pronouncements***GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction***

Period. Statement 89 was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 92: Omnibus 2020. Statement 92 was issued in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This standard becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 93: Replacement of Interbank Offered Rates. Statement 93 was issued in March 2020. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This standard became effective for the District in fiscal year 2021. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 95: Postponement of Effective Dates of Certain Authoritative Guidance. Statement 95 was issued in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This standard became effective for the District in fiscal year 2020. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 96: Subscription-Based Information Technology Arrangements. Statement 96 was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset— an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This standard becomes effective for the District in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Statement 97 was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This standard becomes effective for the District in fiscal year 2022. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 98: The Annual Comprehensive Financial Report. Statement 98 was issued in October 2021. This Statement establishes the term "annual comprehensive financial report" and its acronym "ACFR". That new term and acronym replace instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for "comprehensive annual financial report" sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. This standard becomes effective for fiscal years ending after December 15, 2021. The District has implemented this statement.

GASB Statement No. 99: Omnibus 2022. Statement 99 was issued in April 2022. The objective of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement include the classification and reporting of derivative instruments within the scope of *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. Clarification of provisions in *Statement No. 87, Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in *Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Clarification of provisions in *Statement No. 96, Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP). Disclosures related to nonmonetary transactions. Pledges of future revenues when resources are not received by the pledging government.

Clarification of provisions in *Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended, related to the focus of the government-wide financial statements. Terminology updates related to certain provisions of *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Terminology used in Statement 53 to refer to resource flows statements.

The requirements of Statement 99 that are related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District has not yet determined the impact of this statement.

GASB issued Statement No. 100, Accounting Changes and Error Corrections. Statement 100 was issued in June 2022 and is an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

GASB issued Statement No. 101, Compensated Absences. Statement 101 was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District does not vest vacation and sick leave; therefore, as no liability exists for unused vacation and sick leave, this change is not applicable for the District.

Note 2 - Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Child Nutrition Program. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

Note 4 - Detailed Notes on All Funds

Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At August 31, 2022, the bank balance of \$10,377,373 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts, and up to an additional \$250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$21,767,119 at August 31, 2022, held by Prosperity Bank. Because Prosperity Bank holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository.

Investments

The Texas legislature passed the Public Funds Investment Act of 1995 ("Public Funds Investment Act") which authorizes the District to invest its excess funds in the following:

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- 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", or its equivalent, by a nationally recognized investment rating firm,
- Commercial paper having a stated maturity of 365 days or fewer 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,
- 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,
- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and
- Secured corporate bonds rated not lower than "AA—" or the equivalent.

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the District materially adhered to the requirements of the Public Funds Investment Act. Additionally, investment practices of the District were in accordance with local policies, which are more restrictive than state statutes.

As of August 31, 2022, the following are the District's cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Credit Rating
Cash	\$ 9,986,291	100.0%	\$ 9,986,291	100.0%	\$9,986,291	\$ -	N/A
Total cash and investments	<u>\$ 9,986,291</u>	<u>100.0%</u>	<u>\$ 9,986,291</u>	<u>100.0%</u>	<u>\$ 9,986,291</u>	<u>\$ -</u>	

Interest Rate Risk

In accordance with the District's investment policy, investments are made in a manner that ensures the safety of the principal, to maintain liquidity and to maximize financial returns within current market conditions. Investments shall be made in a manner to ensure the preservation of capital in the overall portfolio, and offsets during a twelve-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Credit Risk

The District's investments are held in cash accounts that are deemed collateralized under Texas law.

Concentration of Credit Risk

The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. All deposits not covered by FDIC insurance but held in the depository bank, Prosperity Bank, were fully collateralized.

Foreign Currency Risk

As of August 31, 2022, there are no foreign currency investments in the District's portfolio.

Property Tax

In the governmental fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions), upon which the levy for the August 31, 2022 fiscal year was based, was \$2,505,472,486. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended August 31, 2022 were 99.57% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$174,467.

The tax rate to finance general governmental services was \$0.930 per \$100 valuation and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.190 per \$100 for the year ended August 31, 2022.

Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022, are summarized below.

<u>Fund</u>	<u>State Grants/ Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ 1,402,734	\$ -	\$ 1,402,734
Nonmajor Governmental Funds	-	53,080	53,080
	<u>\$ 1,402,734</u>	<u>\$ 53,080</u>	<u>\$ 1,455,814</u>

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2022 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Debt service fund	\$ -	\$ 142,457
Nonmajor governmental funds	136,802	468,570
Internal service fund	-	30,706
Fiduciary fund	-	4,904
Debt service fund		
General fund	142,457	-
Nonmajor governmental funds		
General fund	468,570	136,802
Nonmajor governmental funds	1,076	1,076
Internal service fund		
General fund	30,706	-
Fiduciary fund		
General fund	4,904	-
Totals	<u>\$ 784,515</u>	<u>\$ 784,515</u>

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year.

Interfund transfers during the year ended August 31, 2022, consisted of the following individual balances:

Transfer Out	Transfers In	Amount
General Fund	Internal service fund	\$ 30,706
Total		<u>\$ 30,706</u>

The interfund transfer between the general fund and internal service fund is to cover deficit fund balances.

Note 5 - Capital Assets

Capital asset activity for the year ended August 31, 2022 was as follows:

	Balance 9/1/2021 (as restated)	Additions	Deletions	Balance 8/31/2022
Capital assets, not being depreciated				
Land	\$ 1,944,458	\$ -	\$ -	\$ 1,944,458
Construction in progress	9,419,760	5,054,604	(14,388,564)	85,800
Total capital assets, not being depreciated	11,364,218	5,054,604	(14,388,564)	2,030,258
Capital assets, being depreciated				
Building and improvements	140,515,513	15,627,897	-	156,143,410
Furniture and equipment	8,894,058	338,473	(7,600)	9,224,931
Total capital assets, being depreciated	149,409,571	15,966,370	(7,600)	165,368,341
Less accumulated depreciation for:				
Building and improvements	(45,777,520)	(4,569,844)	-	(50,347,364)
Furniture and equipment	(7,800,396)	(503,607)	7,600	(8,296,403)
Total accumulated depreciation	(53,577,916)	(5,073,451)	7,600	(58,643,767)
Total capital assets, being depreciated (net)	95,831,655	10,892,919	-	106,724,574
Right-to-use leased assets being amortized				
Equipment	344,339	-	-	344,339
Total right-to-use leased assets, being amortized	344,339	-	-	344,339
Less accumulated amortization for				
Equipment	(162,421)	(66,800)	-	(229,221)
Total accumulated amortization	(162,421)	(66,800)	-	(229,221)
Net amortized assets	181,918	(66,800)	-	115,118
Total capital assets (net)	\$ 107,377,791	\$ 15,880,723	\$ (14,388,564)	\$ 108,869,950

Construction in progress consists primarily of the High School CTE Building. The estimated costs to complete the construction is \$50,000.

Depreciation expense was charged to the District's functions as follows:

Instruction	\$ 1,545,611
Instructional resources and media services	105,973
School leadership	70,649
Guidance, counseling and evaluation services	52,987
Health services	35,325
Student transportation	403,261
Food service	101,823
Cocurricular/extracurricular activities	550,038
General administration	2,342
Facilities maintenance and operations	1,488,452
Data processing services	28,449
Facilities, acquisition and construction	688,541
	<hr/>
Total depreciation expense	\$ 5,073,451
	<hr/>

Amortization expense was charged to the District's functions as follows:

Instruction	\$ 66,800
	<hr/>
Total depreciation expense	\$ 66,800
	<hr/>

Note 6 - Bonds and Noncurrent Liabilities

Bonded indebtedness of the District is reflected in the governmental activities of the Government-Wide Statement of Net Position.

In the fund financial statements, the current requirements for principal and interest expenditures on bonds are accounted for in the debt service fund. Requirements for maintenance tax note, time warrants, finance contract and leases are accounted for in the general fund.

In August 2015, the District issued \$14,105,000 Unlimited Tax School Building Bonds, Series 2015 to finance school construction projects. The bonds consisted of \$14,105,000 of current interest bonds with a rate of 2% to 5% sold at a premium to yield interest rates ranging from 0.27% to 2.58%, maturing in 2025.

In June 2017, the District issued \$3,950,000 Maintenance Tax Notes and \$1,000,000 in Time Warrants to construct, repair and renovate school buildings. The notes/warrants have a rate of 2.00% to 4.00% sold at a premium to yield interest rates ranging from 0.90% to 2.10%, maturing in 2027.

In February 2018, the District issued \$41,520,000 Unlimited Tax School Building Bonds, Series 2018 to finance school construction projects. The bonds consisted of \$41,520,000 of current interest bonds with a rate of 2% to 5% sold at a premium to yield interest rates ranging from 1.40% to 3.54%, maturing in 2038.

Wylie Independent School District

Notes to Financial Statements

August 31, 2022

In May 2022, the District issued a finance contract in the amount of \$669,900 to upgrade LED lighting in its facilities. The contract has a rate of 3.28%. Payments are due annually beginning in May 2023 and matures in May 2027.

A summary of the changes in bonds payable and other noncurrent liabilities follows:

	Interest Rate Payable	Amount of Original Issue	Amounts Outstanding 9/1/2021 (as restated)	Issued/ Increase	Retired/ Decrease	Amounts Outstanding 8/31/2022
Governmental activities:						
Unlimited Tax						
School Building						
Bond - Series 2015	2.00%-5.00%	\$ 14,105,000	\$ 6,305,000	\$ -	\$ (1,490,000)	\$ 4,815,000
Unlimited Tax						
School Building						
Bond - Series 2018	2.00% - 5.00%	41,520,000	37,985,000	-	(1,540,000)	36,445,000
Total bonds payable			44,290,000	-	(3,030,000)	41,260,000
Maintenance Tax Note						
Series 2017	2.00%-4.00%	3,950,000	2,520,000	-	(385,000)	2,135,000
Time Warrants						
Series 2017	2.50%-3.50%	1,000,000	645,000	-	(100,000)	545,000
Finance contract	3.28%	669,900	-	669,900	-	669,900
Leases payable	1.40%-3.85%		184,318	-	(68,089)	116,229
Unamortized bond premium			3,757,220	-	(311,917)	3,445,303
Total other long-term debt			7,106,538	669,900	(865,006)	6,911,432
Total governmental activities						
long term liabilities			\$ 51,396,538	\$ 669,900	\$ (3,895,006)	\$ 48,171,432

Wylie Independent School District

Notes to Financial Statements

August 31, 2022

Amounts due within the following year are as follows:

	<u>Amounts Due Within One Year</u>
Unlimited Tax School Building Bond - Series 2015	\$ 1,540,000
Unlimited Tax School Building Bond - Series 2018	1,600,000
Maintenance Tax Note, Series 2017	400,000
Time Warrants, Series 2017	100,000
Finance contract	125,474
Leases payable	<u>57,605</u>
Total	<u>\$ 3,823,079</u>

Debt service requirements are as follows:

Year Ended	General Obligation Bonds		Tax Notes /Warrants		Finance Contract		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 3,140,000	\$ 1,708,943	\$ 500,000	\$ 62,925	\$ 125,474	\$ 21,973	\$ 5,411,868
2024	3,275,000	1,572,943	520,000	52,425	129,590	17,857	5,420,368
2025	3,410,000	1,444,046	535,000	41,500	133,841	13,607	5,430,546
2026	1,835,000	1,334,775	555,000	28,125	138,230	9,217	3,752,900
2027	1,925,000	1,240,775	570,000	14,250	142,765	4,683	3,750,025
2028 - 2032	10,940,000	4,904,250	-	-	-	-	15,844,250
2033 - 2037	13,625,000	2,214,625	-	-	-	-	15,839,625
2038	3,110,000	59,638	-	-	-	-	3,169,638
	<u>\$ 41,260,000</u>	<u>\$ 14,479,995</u>	<u>\$ 2,680,000</u>	<u>\$ 199,225</u>	<u>\$ 669,900</u>	<u>\$ 67,337</u>	<u>\$ 58,619,220</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. The District is in compliance with all significant limitations and restrictions at August 31, 2022.

Note 7 - Leases

The District entered into various agreement to lease copiers for District-wide use ranging from October 30, 2017 to November 12, 2020. Under the terms of the lease, the District pays a monthly fee ranging from \$184 to \$1,448. The leases terminate over various dates from fiscal years 2023 to 2026.

The District entered an agreement to lease a postage meter for District-wide use beginning March 2021. Under the terms of the lease, the District pays a monthly fee of \$55. The lease terminates on February 28, 2026.

At August 31, 2022, the District has recognized a right to use asset of \$115,118 and a lease liability of \$116,229 related to these agreements. During the fiscal year, the District recorded \$66,800 in amortization expense and \$3,794 in interest expense for the right to use the copiers and postage meter. The District used a discount rate range of 1.40% to 3.85% on the copiers and 1.86% for the postage meter lease. The discount rates were based on the risk-free rate published by the United States Treasury as the District has no comparable publicly traded debt. The rates are then adjusted for the specific terms of each lease and the rating of the entity.

Remaining obligations associated with these leases are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2023	\$ 57,605	\$1,809	\$ 59,414
2024	28,383	821	29,204
2025	26,798	278	27,076
2026	3,443	6	3,449
Total	<u>\$ 116,229</u>	<u>\$2,914</u>	<u>\$ 119,143</u>

Note 8 - Contingencies

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2022, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 9 - Defined Benefit Pension Plan**Defined Benefit Pension Plan****Plan Description**

The District participates in a cost-sharing multiple employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) as 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 education institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.02 are covered by the system.

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

Contributions

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

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

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.50%
	2021	2022
Member Contributions	\$ 2,017,954	\$ 2,224,330
NECE On-Behalf Contributions	1,597,451	1,751,831
Employer Contributions	730,029	837,560

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

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

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation rolled forward to August 31, 2021 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
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and 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 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 session. It is assumed that future employer and State contributions will be 8.5% 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.

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target allocation as of August 31, 2021 (see page 53 of the TRS ACFR) are summarized on the following page.

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return as of August 31, 2021

Asset Class ⁴	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy and Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity			
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag ³			-0.95%
Totals	100%		6.90%

¹ Target allocations based on the FY2021 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

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

⁴ Absolute Return includes Credit Sensitive Instruments.

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Total TRS pension liability	\$ 55,648,259,551	\$ 25,466,461,134	\$ 979,861,293
District's proportionate share of the net pension liability	\$ 9,687,783	\$ 4,433,446	\$ 170,584

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

At August 31, 2022, the District reported a liability of \$4,433,446 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	\$ 4,433,446
State's proportionate share that is associated with the District	<u>9,487,663</u>
Total	<u>\$ 13,921,109</u>

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

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.00017409 which was a decrease of .000015112 from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

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

Wylie Independent School District

Notes to Financial Statements

August 31, 2022

For the year ended August 31, 2022, the District recognized pension expense of \$37,930 and revenue of \$1,589,570 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,419	\$ 312,118
Changes in actuarial assumptions	1,567,137	683,137
Difference between projected and actual investment earnings	-	3,717,386
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,212,177	361,683
Contributions paid to TRS subsequent to the measurement date	837,560	-
Total	<u>\$ 3,624,293</u>	<u>\$ 5,074,324</u>

\$837,560 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended August 31, 2023.

The net amount of employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31	Pension Expense Amount
2023	\$ (258,586)
2024	(350,291)
2025	(719,200)
2026	(1,042,622)
2027	57,125
Thereafter	25,983
Total	<u>\$ (2,287,591)</u>

Note 10 - Postemployment Health Benefits**Plan Description**

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

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

OPEB Plan Fiduciary Net Position

Detailed 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 https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

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

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

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

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .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 employee 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%
	2021	2022
Employer Contributions	\$ 226,699	\$ 230,721
Member Contributions	169,160	183,729
NECE On-Behalf Contributions	309,694	330,181

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

TRS-Care received supplemental appropriations authorized by Senate Bill 1264 of the 86th Legislature as the Non-Employer Contributing Entity in the amount of \$5.5 million in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension plan actuarial valuation that was rolled forward to August 31, 2021:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

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

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%
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.25% to 8.5% 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.
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 decrease of .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 projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index.”

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Total TRS OPEB liability	\$ 46,529,697,637	\$ 38,574,468,613	\$ 32,313,444,468
District's proportionate share of the net OPEB liability	\$ 13,700,650	\$ 11,358,236	\$ 9,514,680

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed:

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total TRS OPEB liability	\$ 31,244,041,262	\$ 38,574,468,613	\$ 48,410,081,189
District's proportionate share of the net OPEB liability	\$ 9,199,795	\$ 11,358,236	\$ 14,254,328

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

At August 31, 2022, the District reported a liability of \$11,358,236 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	\$ 11,358,236
State's proportionate share that is associated with the District	15,217,505
Total	<u>\$ 26,575,741</u>

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

At August 31, 2021, the District's proportion of the collective Net OPEB Liability was 0.029444959% compared to 0.028223195% 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:

- 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.

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

The amount of OPEB expense recognized by the District for the year ended August 31, 2022 was \$561,642.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 489,026	\$ 5,498,181
Changes in actuarial assumptions	1,258,058	2,402,057
Difference between projected and actual investment earnings	12,332	-
Changes in proportion and differences between District contributions and the proportionate share of contributions	2,344,570	-
Contributions paid to TRS subsequent to the measurement date	230,721	-
	<hr/>	<hr/>
Total	<u>\$ 4,334,707</u>	<u>\$ 7,900,238</u>

\$230,721 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended August 31, 2023.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended August 31</u>	<u>OPEB Expense Amount</u>
2023	\$ (826,170)
2024	(826,448)
2025	(826,372)
2026	(527,396)
2027	(122,627)
Thereafter	<u>(667,239)</u>
Total	<u><u>\$ (3,796,252)</u></u>

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 know as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from federal governments to offset certain prescriptions drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amount of \$87,483, \$116,350, and \$104,470 for the years ended August 31, 2022, 2021 and 2020, respectively.

Note 11 - Health Care and Workers' Compensation Coverage

During the year ended August 31, 2022, employees of the District were covered by a third party commercial health insurance (the Plan). The District has paid premiums of \$386 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator acting on behalf of a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement. The plan is accounted for in the general fund.

The contract between the District and the third-party administrator is renewable annually on September 1, and terms of coverage and premium costs are included in the contractual provisions.

The District was a member of the Texas Public Schools Workers' Compensation Project, or School Comp, during the year ended August 31, 2022. As a member, the District funds its claims as follows:

- Its actual claims up to 30% of the standard annual premium.
- Prorata share of all claims of the project that exceed the respective members 30% up to a maximum of 100% of the standard annual premium.
- Proportionate share of administration costs and excess loss insurance premiums.

School Comp purchases specific and aggregate stop-loss insurance from Safety National Casualty Corporation. Premiums are based on manual rates for each type of employee as provided by the Texas Department of Insurance multiplied by the actual payroll paid to each employee. An experience modifier is also calculated to reflect the member's actual loss experience, which is added to the annual premium and in effect produces a retroactively rated policy. Statements are received periodically from School Comp, which reports a claims reserve for claims that have occurred but have not been billed to the member on a claim by claim basis. As of August 31, 2022, the District had no material amounts of outstanding unpaid claims payable. The District retains a liability for claims incurred but not reported. The plan is accounted for in the internal service fund.

The following is a reconciliation of workers' compensation claims during the previous two years:

	2022	2021
Claims payable beginning of year	\$ 35,000	\$35,000
Claims incurred	36,270	92,587
Claims paid	(36,270)	(92,587)
Claims payable end of year	<u>\$ 35,000</u>	<u>\$ 35,000</u>

The coverage with School Comp and related liability for claims incurred but not reported was for previous fiscal years.

During the year ended August 31, 2022, the District met its statutory workers' compensation obligation 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 Workers' Compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of \$44,985,187 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2022, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31 and is approved 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 at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

Note 12 - Revenues from Local and Intermediate Sources

For the year ended August 31, 2022, revenues from local and intermediate sources for governmental fund types consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes	\$ 22,663,617	\$ 4,541,290	\$ -	\$ 27,204,907
Food service sales	-	-	722,670	722,670
Investment income	23,213	2,346	-	25,559
Penalties, interest, and other tax-related income	151,321	-	-	151,321
Co-curricular student activities	160,178	-	1,011,879	1,172,057
Other	342,813	-	-	342,813
Total	<u>\$ 23,341,142</u>	<u>\$ 4,543,636</u>	<u>\$ 1,734,549</u>	<u>\$ 29,619,327</u>

Note 13 - Unearned Revenues

Unearned revenues at year-end in the fund statements consisted of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Athletic revenue	\$ 29,818	\$ -	\$ -	\$ 29,818
Total	<u>\$ 29,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,818</u>

Note 14 - Accumulated Unpaid Vacation and Sick Leave Benefits

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability for vacation leave has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment.

Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

Note 15 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 16 - Fund Balance

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. As of August 31, 2022, \$355,948 was restricted for retirement of long-term debt and \$770,740 was restricted for other federal and state grants.

Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At August 31, 2022, \$813,364 was committed for campus activity funds.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent. At August 31, 2022, the District had fund balance assigned for open encumbrances of \$459,702 in the General Fund.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

The District uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Note 17 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Until paid or made available to the employee or another beneficiary, all amounts of compensation deferred under the plan, investments purchased with those amounts, and all income attributable to those investments are held in trust and are not subject to the claims of the District's general creditors. Participant's rights under the plan are equal to the fair market value of the deferred account for each participant.

Note 18 - General Fund Federal Source Revenues

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

	<u>CFDA</u>	<u>Amount</u>
School of Health and Related Services	N/A	\$ 569,469
Medicaid Administrative Program	93.778	306,288
Impact Aid	84.041	61,297
		<u>\$ 937,054</u>

Note 19 - Adoption of New Standard

As of September 1, 2021, the District adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract

Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Governmental Activities
	<hr/>
Net position at September 1, 2021, as previously reported	\$ 46,303,762
Add right-to-use intangible assets, net of amortization under GASB Statement No. 87 at September 1, 2021	181,918
Add lease liability under GASB Statement No. 87 at September 1, 2021	<hr/> (184,318)
Net position at September 1, 2021, as restated	<hr/> <hr/> \$ 46,301,362



Required Supplementary Information
August 31, 2022

Wylie Independent School District

Wylie Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
(Exhibit G-1)
Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget
		Original	Final		Positive or (Negative)
Revenues					
5700	Total local and intermediate sources	\$ 22,869,000	\$ 23,269,000	\$ 23,341,142	\$ 72,142
5800	State program revenues	17,725,500	18,656,500	19,738,975	1,082,475
5900	Federal program revenues	425,000	925,000	937,054	12,054
5020	Total revenues	41,019,500	42,850,500	44,017,171	1,166,671
Expenditures					
Current					
0011	Instruction	24,245,864	25,071,064	25,065,217	5,847
0012	Instructional resources and media services	292,000	292,000	290,664	1,336
0013	Curriculum and instructional staff development	71,952	111,952	110,778	1,174
0021	Instructional leadership	464,500	434,500	433,390	1,110
0023	School leadership	1,885,400	2,059,400	2,059,064	336
0031	Guidance, counseling, and evaluation services	1,040,284	962,284	960,251	2,033
0032	Social work services	143,000	93,000	91,500	1,500
0033	Health services	355,000	372,000	371,625	375
0034	Student (pupil) transportation	1,999,000	2,169,000	2,168,542	458
0036	Extracurricular activities	1,901,000	2,141,000	2,134,170	6,830
0041	General administration	1,306,500	1,371,500	1,370,319	1,181
0051	Facilities maintenance and operations	3,622,000	5,022,000	5,019,341	2,659
0052	Security and monitoring services	495,500	585,500	568,619	16,881
0053	Data processing services	707,000	727,000	726,455	545
0061	Community Services	123,000	123,000	123,597	(597)
Debt service					
0071	Principal on long term debt	440,000	515,500	554,596	(39,096)
0072	Interest on long term debt	120,000	120,000	80,984	39,016
Capital outlay					
0081	Facilities acquisition and construction	1,807,500	6,207,500	6,172,280	35,220
6030	Total expenditures	41,019,500	48,378,200	48,301,392	76,808
1100	Excess (deficiency) of revenues over (under) expenditures	-	(5,527,700)	(4,284,221)	1,243,479
Other financing sources (uses)					
7912	Sale of real and personal property	-	-	300	300
7914	Proceeds from note payable	-	669,900	669,900	-
8911	Operating transfers out	-	-	(30,706)	(30,706)
7080	Total other financing sources (uses)	-	669,900	639,494	(30,406)
1200	Net change in fund balances	-	(4,857,800)	(3,644,727)	1,213,073
0100	Fund balance - September 1 (beginning)	9,953,300	9,953,300	9,953,300	-
3000	Fund balance - August 31 (ending)	\$ 9,953,300	\$ 5,095,500	\$ 6,308,573	\$ 1,213,073

Wylie Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System (Exhibit G-2)

August 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000174090	0.000158978	0.000171144	0.000149838	0.000149333	0.000134797	0.000129204	0.000064454
District's proportionate share of the net pension liability	\$ 4,433,446	\$ 8,514,530	\$ 8,896,591	\$ 8,247,458	\$ 4,774,870	\$ 5,093,776	\$ 4,567,189	\$ 1,721,656
State's proportionate share of the net net pension liability associated with the District	9,487,663	19,562,861	16,253,424	17,412,249	9,974,561	11,612,029	10,881,765	9,074,993
	<u>\$ 13,921,109</u>	<u>\$ 28,077,391</u>	<u>\$ 25,150,015</u>	<u>\$ 25,659,707</u>	<u>\$ 14,749,431</u>	<u>\$ 16,705,805</u>	<u>\$ 15,448,954</u>	<u>\$ 10,796,649</u>
District's covered payroll	\$ 26,020,664	\$ 24,386,008	\$ 21,087,811	\$ 19,947,409	\$ 18,602,293	\$ 16,991,299	\$ 15,784,838	\$ 14,692,611
District's proportionate share of the net pension liability as a percentage of its covered payroll	17.04%	34.92%	42.19%	41.35%	25.67%	29.98%	28.93%	11.72%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2015.

Wylie Independent School District
Schedule of the District's Contributions – Teacher Retirement System (Exhibit G-3)
Year Ended August 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 837,560	\$ 730,029	\$ 659,901	\$ 608,521	\$ 505,775	\$ 480,383	\$ 428,284	\$ 382,578
Contributions in relation to the contractually required contributions	(837,560)	(730,029)	(659,901)	(608,521)	(505,775)	(480,383)	(428,284)	(382,578)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,804,117	\$ 26,020,664	\$ 24,386,008	\$ 21,087,811	\$ 19,947,409	\$ 18,602,293	\$ 16,991,299	\$ 15,784,838
Contributions as a percentage of covered payroll	3.01%	2.81%	2.71%	2.89%	2.54%	2.58%	2.52%	2.42%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2015.

Wylie Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability (Exhibit G-4)
Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.000294450	0.000282232	0.000274659	0.000259103	0.000239965
District's proportionate share of the net OPEB liability	\$ 11,358,236	\$ 10,728,911	\$ 12,988,971	\$ 12,937,247	\$ 10,435,172
State's proportionate share of the net OPEB liability associated with the District	<u>15,217,505</u>	<u>14,417,084</u>	<u>17,259,435</u>	<u>16,607,988</u>	<u>14,430,909</u>
	<u>\$ 26,575,741</u>	<u>\$ 25,145,995</u>	<u>\$ 30,248,406</u>	<u>\$ 29,545,235</u>	<u>\$ 24,866,081</u>
Covered employee payroll	\$ 26,020,664	\$ 24,386,008	\$ 21,087,811	\$ 19,947,409	\$ 18,602,293
District's proportionate share of net OPEB liability as a percentage of its covered payroll	43.65%	44.00%	61.59%	64.86%	56.10%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2018.

Wylie Independent School District
Schedule of the District's Contributions to the OPEB Plan (Exhibit G-5)
Year Ended August 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 230,721	\$ 226,699	\$ 225,229	\$ 190,933	\$ 183,052
Contribution in relation to the contractually required contribution	<u>(230,721)</u>	<u>(226,699)</u>	<u>(225,229)</u>	<u>(190,933)</u>	<u>(183,052)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,804,117	\$26,020,664	\$24,386,008	\$21,087,811	\$19,947,409
Contributions as a percentage of Covered payroll	0.83%	0.87%	0.92%	0.91%	0.92%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note: Plan information was unavailable prior to 2018.

Note 1 - Budget

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

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

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

Transfers out represent transfers from the general fund to the child nutrition fund.

Note 2 - Pension

Changes of Benefit Terms

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

Changes in Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

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

Note 3 - OPEB

Changes of Benefit Terms

There were minor benefit revisions that have been adopted since the prior measurement date. These changes are not expected to have a significant impact on plan costs.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

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

- 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.



Other Supplementary Information
August 31, 2022

Wylie Independent School District

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
	Assets				
1110	Cash and cash equivalents	\$ -	\$ 16,612	\$ -	\$ 514,002
1240	Receivables from other governments	-	-	-	53,080
1260	Due from other funds	-	-	-	467,200
1000	Total assets	-	16,612	-	1,034,282
1000a	Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 16,612</u>	<u>\$ -</u>	<u>\$ 1,034,282</u>
	Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 181,006
2160	Accrued wages payable	-	-	-	82,536
2170	Due to other funds	-	16,612	-	-
2000	Total liabilities	-	16,612	-	263,542
	Fund Balances				
3450	Restricted - federal or state funds grant	-	-	-	770,740
3545	Committed - Other	-	-	-	-
3000	Total fund balances	-	-	-	770,740
4000	Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 16,612</u>	<u>\$ -</u>	<u>\$ 1,034,282</u>

Wylie Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2022

244	255	282	283	284	285	289	410
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	ESSER III (ARP)	ESSER III Supplemental	IDEA - Part B Formula (ARP)	IDEA - Part B Preschool (ARP)	Title IV, Part A	Textbook and Kindergarten Material
\$ -	\$ -	\$ 73,774	\$ 3,140	\$ -	\$ -	\$ 394	\$ 9,447
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	73,774	3,140	-	-	394	9,447
\$ -	\$ -	\$ 73,774	\$ 3,140	\$ -	\$ -	\$ 394	\$ 9,447
\$ -	\$ -	\$ 73,774	\$ 3,140	\$ -	\$ -	\$ 394	\$ 9,447
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	73,774	3,140	-	-	394	9,447
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 73,774	\$ 3,140	\$ -	\$ -	\$ 394	\$ 9,447

Wylie Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)
August 31, 2022

Data Control Codes		429 Other State Funded Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	Assets			
1110	Cash and cash equivalents	\$ -	\$ 964,636	\$ 1,582,005
1240	Receivables from other governments	-	-	53,080
1260	Due from other funds	-	2,446	469,646
		<u>-</u>	<u>2,446</u>	<u>469,646</u>
1000	Total assets	-	967,082	2,104,731
1000a	Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 967,082</u>	<u>\$ 2,104,731</u>
	Liabilities			
2110	Accounts payable	\$ -	\$ 32,452	\$ 300,213
2160	Accrued wages payable	-	-	82,536
2170	Due to other funds	-	121,266	137,878
		<u>-</u>	<u>121,266</u>	<u>137,878</u>
2000	Total liabilities	<u>-</u>	<u>153,718</u>	<u>520,627</u>
	Fund Balances			
3450	Restricted - federal or state funds grant	-	-	770,740
3545	Committed - Other	-	813,364	813,364
		<u>-</u>	<u>813,364</u>	<u>813,364</u>
3000	Total fund balances	<u>-</u>	<u>813,364</u>	<u>1,584,104</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>\$ 967,082</u>	<u>\$ 2,104,731</u>

Data Control Codes		211	224	225	240
		ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program
	Revenues				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 722,670
5800	State program revenues	-	-	-	37,574
5900	Federal program revenues	253,806	739,191	8,798	2,605,766
5020	Total revenues	253,806	739,191	8,798	3,366,010
	Expenditures				
	Current				
0011	Instruction	253,806	208,516	8,798	-
0013	Curriculum and instructional	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	530,675	-	-
0032	Social work services	-	-	-	-
0035	Food services	-	-	-	2,694,368
0036	Extracurricular Activities	-	-	-	-
0041	General administration	-	-	-	-
0052	Security and monitoring services	-	-	-	-
6030	Total expenditures	253,806	739,191	8,798	2,694,368
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	671,642
1200	Net change in fund balances	-	-	-	671,642
0100	Fund balance, beginning of year	-	-	-	99,098
3000	Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ 770,740

Wylie Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit H-2)
Year Ended August 31, 2022

244	255	282	283	284	285	289	410
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	ESSER III (ARP)	ESSER III Supplemental	IDEA - Part B Formula (ARP)	IDEA - Part B Preschool (ARP)	Title IV, Part A	Textbook and Kindergarten Material
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,190	-	-	-	-	69,205
24,476	42,769	746,640	103,102	200,039	9,905	20,833	-
24,476	42,769	751,830	103,102	200,039	9,905	20,833	69,205
24,476	3,471	691,447	103,102	200,039	9,905	3,750	69,205
-	36,412	-	-	-	-	-	-
-	2,606	-	-	-	-	-	-
-	280	-	-	-	-	-	-
-	-	5,000	-	-	-	-	-
-	-	40,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	15,383	-	-	-	-	-
-	-	-	-	-	-	17,083	-
24,476	42,769	751,830	103,102	200,039	9,905	20,833	69,205
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Wylie Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds (Exhibit H-2)
Year Ended August 31, 2022

Data Control Codes		429 Other State Funded Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	Revenues			
5700	Local and intermediate sources	\$ -	\$ 1,011,879	\$ 1,734,549
5800	State program revenues	4,993	-	116,962
5900	Federal program revenues	-	-	4,755,325
		<u>-</u>	<u>-</u>	<u>4,755,325</u>
5020	Total revenues	<u>4,993</u>	<u>1,011,879</u>	<u>6,606,836</u>
	Expenditures			
	Current			
0011	Instruction	1,130	-	1,577,645
0013	Curriculum and instructional	-	-	36,412
0021	Instructional leadership	-	-	2,606
0023	School leadership	-	-	280
0031	Guidance, counseling and evaluation services	3,863	-	539,538
0032	Social work services	-	-	40,000
0035	Food services	-	-	2,694,368
0036	Extracurricular Activities	-	927,972	927,972
0041	General administration	-	-	15,383
0052	Security and monitoring services	-	-	17,083
		<u>-</u>	<u>-</u>	<u>17,083</u>
6030	Total expenditures	<u>4,993</u>	<u>927,972</u>	<u>5,851,287</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>83,907</u>	<u>755,549</u>
1200	Net change in fund balances	-	83,907	755,549
0100	Fund balance, beginning of year	<u>-</u>	<u>729,457</u>	<u>828,555</u>
3000	Fund balance - August 31 (ending)	<u>\$ -</u>	<u>\$ 813,364</u>	<u>\$ 1,584,104</u>



Required TEA Schedules
August 31, 2022

Wylie Independent School District

	1	2	3
	Tax Rates		Assessed/ Appraised Value for School Tax Purposes
<u>Last Ten Years Ended August 31</u>	<u>Maintenance</u>	<u>Debt Service</u>	
2013 (and prior years)	\$ Various	\$ Various	\$ Various
2014	1.040000	.000000	1,467,053,790
2015	1.040000	.000000	1,600,299,932
2016	1.040000	.114000	1,696,829,642
2017	1.040000	.085000	1,789,379,733
2018	1.040000	.085000	1,975,958,787
2019	1.040000	0.243000	2,127,804,160
2020	0.970000	0.227000	2,177,783,459
2021	0.950000	0.220000	2,387,450,725
2022 (school year under audit)	0.930000	0.190000	2,505,472,486
1000 Totals			

Wylie Independent School District
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Year Ended August 31, 2022

10	20	31	32	40	50
Beginning Balance September 1, 2021	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2022
\$ 46,472	\$ -	\$ 14,608	\$ 1,055	\$ (1,591)	\$ 29,219
10,383	-	3,138	-	-	7,245
9,702	-	446	-	-	9,256
13,565	-	3,552	389	-	9,624
15,371	-	4,301	372	371	11,068
18,990	-	5,879	481	(87)	12,544
27,892	-	14,204	3,319	5,250	15,619
42,610	-	18,130	4,243	(439)	19,799
183,766	-	114,397	26,048	(17,135)	26,185
-	27,035,327	22,426,874	4,492,248	29,568	145,773
<u>\$ 368,751</u>	<u>\$ 27,035,327</u>	<u>\$ 22,605,529</u>	<u>\$ 4,528,154</u>	<u>\$ 15,936</u>	<u>\$ 286,331</u>

Wylie Independent School District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Program (Exhibit J-2) Year Ended August 31, 2022

Data					Variance with
Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Final Budget Positive or (Negative)
		Original	Final		
	Revenues				
5700	Total local and intermediate sources	\$ 260,000	\$ 780,000	\$ 722,670	\$ (57,330)
5800	State program revenues	5,000	5,000	37,574	32,574
5900	Federal program revenues	1,560,000	2,360,000	2,605,766	245,766
5020	Total revenues	1,825,000	3,145,000	3,366,010	221,010
	Expenditures				
	Current				
0035	Food service	1,825,000	2,695,000	2,694,368	632
6030	Total expenditures	1,825,000	2,695,000	2,694,368	632
1100	Excess (deficiency) of revenues Over (under) expenditures	-	450,000	671,642	221,642
	Other financing sources (uses)				
7915	Operating transfers in	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	450,000	671,642	221,642
0100	Fund balance, beginning of year	99,098	99,098	99,098	-
3000	Fund balance, end of year	\$ 99,098	\$ 549,098	\$ 770,740	\$ 221,642

Wylie Independent School District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund (Exhibit J-3) Year Ended August 31, 2022

Data Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Variance with Final Budget
		Original	Final		Positive or (Negative)
Revenues					
5700	Total local and intermediate sources	\$ 4,856,000	\$ 4,856,000	\$ 4,543,636	\$ (312,364)
5800	State program revenues	-	-	45,395	45,395
5020	Total revenues	4,856,000	4,856,000	4,589,031	(266,969)
Expenditures					
Current					
0071	Principal on long term debt	2,785,000	2,785,000	3,030,000	(245,000)
0072	Interest on long term debt	2,071,000	2,071,000	1,826,494	244,506
6030	Total expenditures	4,856,000	4,856,000	4,856,494	(494)
1200	Net change in fund balances	-	-	(267,463)	(267,463)
0100	Fund balance - September 1 (beginning)	623,411	623,411	623,411	-
3000	Fund balance - August 31 (ending)	\$ 623,411	\$ 623,411	\$ 355,948	\$ (267,463)

<u>Data Control Codes</u>		<u>Responses</u>
Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,497,325
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,393,915
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 56,734
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 32,454



Federal Awards Section
August 31, 2022

Wylie Independent School District



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wylie Independent School District, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Abilene, Texas
November 29, 2022



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Wylie Independent School District
Abilene, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Abilene, Texas
November 29, 2022

Wylie Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education			
Direct			
Impact Aid	84.041	S041B-2022-5165	\$ 61,297
Passed through Texas Education Agency			
Title I Grants to Local Education Agencies			
Title I, Part A - Improving Basic Programs	84.010A	22610101221912	253,806
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027A	226600012219126000	739,191
COVID-19 IDEA B (ARPA)	84.027A	225350012219125000	200,039
Special Education - Preschool Grants	84.173A	226610012219126000	8,798
COVID-19 IDEA B Preschool (ARPA)	84.173A	225360012219125000	9,905
Total Special Education Cluster (IDEA)			957,933
Career and Technical Education -			
Basic Grants to States	84.048A	22420006221912	24,476
Title IV Grants to Local Education Agencies			
Title IV, Part A, Subpart 1	84.424A	22680101221912	20,833
COVID-19 Elementary and Secondary School			
Emergency Relief (ESSER III) **	84.425U	21528001221912	746,640
COVID-19 Elementary and Secondary School			
Emergency Relief (ESSER III Supplemental) **	84.425U	21528043221912	103,102
Passed through Education Service Center Region XIV			
Supporting Effective Instruction State Grants	84.367A	22694501221950	42,769
Total Department of Education			2,210,856

Wylie Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended August 31, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Passed through Texas Department of Health and Human Services			
Medicaid Administration Program (Medicaid cluster)	93.778	529-10-0054-00007	306,288
Total Department of Health and Human Services			306,288
U.S. Department of Agriculture			
Passed through Texas Education Agency			
Child Nutrition Cluster			
School Breakfast Program ****	10.553	71402201	418,622
National School Lunch - Cash Assistance *	10.555	71302201	2,041,546
National School Lunch - Non-Cash Assistance *	10.555	71302201	14,949
Passed through Texas Department of Agriculture			
Supply Chain Assistance Grant *	10.555	6tx300400	102,547
School Breakfast Program ****	10.553	71402201	28,102
Total Child Nutrition Cluster			2,605,766
Total Department of Agriculture			2,605,766
Total Federal Financial Assistance			\$ 5,122,910
* Total National School Lunch Program (CFDA 10.555)			\$ 2,159,042
** Total Elementary and Secondary School Emergency Relief (CFDA 84.425)			849,742
**** Total National School Breakfast Program (CFDA 10.553)			446,724

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School health and related services revenues (SHARS) are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Federal Awards per Schedule of Expenditures of Federal Awards	\$ 5,122,910
Medicaid Reimbursements (SHARS)	<u>569,469</u>
Federal Revenues per Exhibit C-2	<u><u>\$ 5,692,379</u></u>

Note 3 - Indirect Cost Rate

The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal awards.

Note 4 - Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Elementary and Secondary School Emergency Relief Fund	84.425
Child Nutrition Cluster	10.553 ; 10.555
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

The audit disclosed no findings and questioned costs required to be reported.

Wylie Independent School District
Schedule of Required Responses to Selected School First Indicators (Exhibit L-1)
Year Ended August 31, 2022

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -