



Financial Statements  
August 31, 2023

# 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, 2023, at a meeting of the Board of Trustees of such school district on the 8<sup>th</sup> day of January, 2024.

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

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

#### ***Basis for Opinions***

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

### ***Adoption of New Accounting Standard***

As discussed in Notes 1 and 20 to the financial statements, the District has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) which has resulted in a restatement of net position as of September 1, 2022. 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 January 5, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Abilene, Texas  
January 5, 2024



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, 2023.

#### **FUND STATEMENT FINANCIAL HIGHLIGHTS**

- The District's total combined governmental fund balances were \$7,809,664.
- During the year, the District's expenditures were \$626,411 more than the \$57.2 million generated in taxes, state funding and other revenues for governmental funds.
- The total expenditures of the District's programs decreased approximately 2.0% over the prior year.
- The general fund reported a decrease in fund balance this year of \$485,987.
- The resources available for appropriation were \$3,582,421 more than the final budgeted revenues for the general fund and expenditures were \$1,938,773 more 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.
  - o The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
  - o 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.
  - o 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 \$48,528,154 at August 31, 2023.

### The District's Net Position

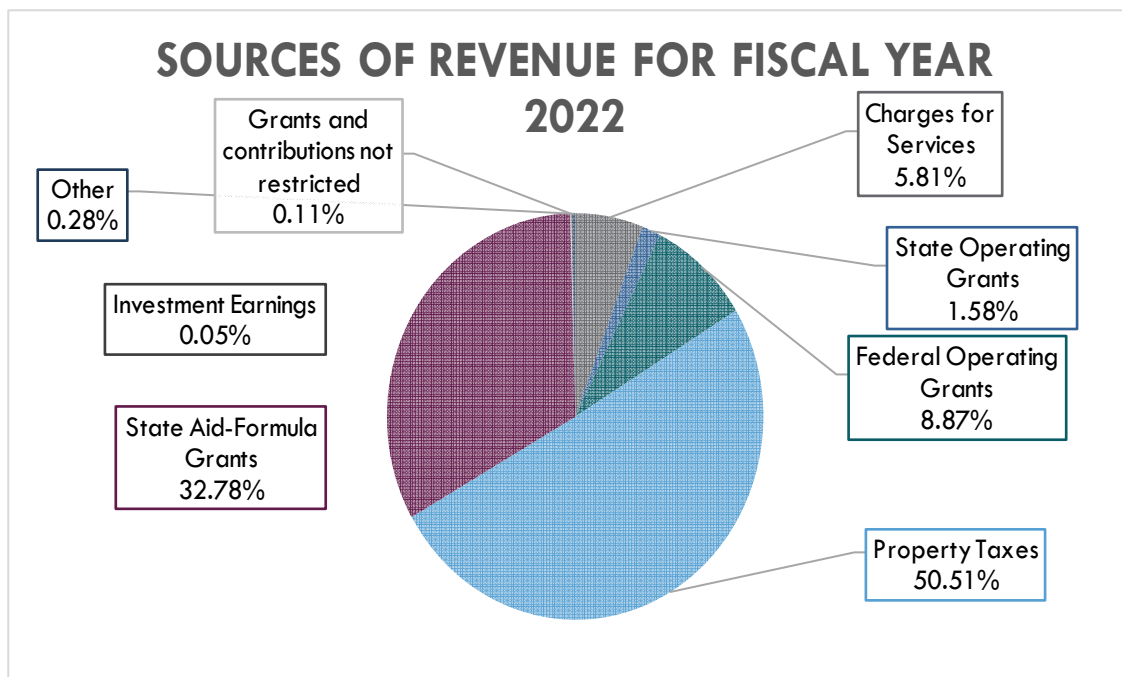
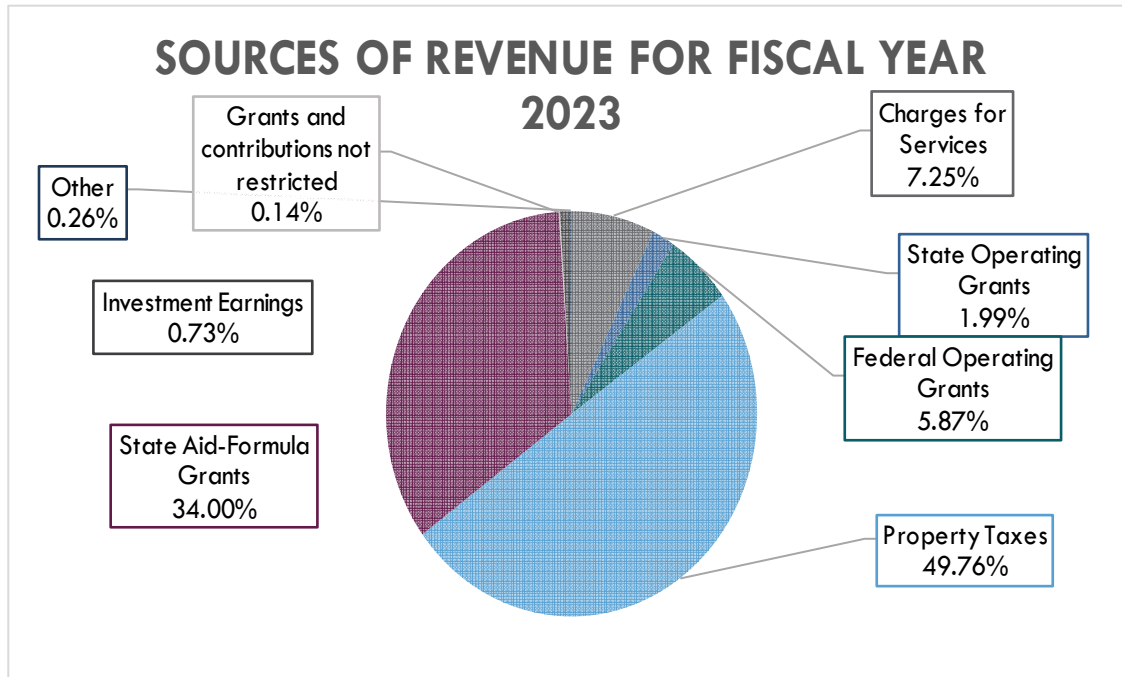
	Governmental Activities	
	2023	2022 (as restated)
Current Assets	\$ 11,473,884	\$ 11,603,806
Capital Assets	105,297,251	109,127,936
Deferred Outflows	8,929,699	7,959,000
 Total assets and deferred outflows of resources	 125,700,834	 128,690,742
Current Liabilities	3,596,812	3,382,065
Long-Term Liabilities	61,725,190	63,963,114
Deferred Inflows	11,850,678	12,974,562
 Total liabilities and deferred inflows of resources	 77,172,680	 80,319,741
Net Investment in Capital Assets	61,196,102	60,956,504
Restricted	1,249,030	1,043,618
Unrestricted	(13,916,978)	(13,629,121)
 Total net position	 \$ 48,528,154	 \$ 48,371,001

Net position of the District's governmental activities increased 0.3% to \$48,528,154. Unrestricted net position was \$(13,916,978) at the end of this year.

The District recorded its proportionate share of the net pension liability of \$10,679,604, deferred outflows of resources of \$5,237,645, and deferred inflows of resources of \$1,006,311. The District recorded its proportionate share of the net OPEB liability of \$6,944,437, deferred outflows of resources of \$3,692,054, and deferred inflows of resources of \$10,844,367.

**Changes in net position** – The District's total revenues were \$55,917,803 for the year ended August 31, 2023. (See the table "Changes in the District's Net Position"). In the 2023 fiscal year, 49.8% of the District's revenue came from property taxes, 34.0% 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 \$55,760,650 of which 50.5% 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	
	2023	2022 (as restated)
Revenues		
Program Revenues		
Charges for Services	\$ 4,053,575	\$ 3,113,297
State Operating Grants	1,112,260	849,364
Federal Operating Grants	3,282,324	4,755,325
General Revenues		
Property Taxes	27,825,806	27,074,758
State Aid-Formula Grants	19,013,041	17,569,497
Grants and contributions not restricted	77,188	61,328
Investment Earnings	409,918	25,559
Other	143,691	151,621
Total revenues	<u>55,917,803</u>	<u>53,600,749</u>
Expenses		
Instruction	28,131,673	26,790,462
Extracurricular Activities	5,083,280	3,514,888
General Administration	1,639,278	1,350,245
Facilities Maintenance and Operations	6,471,282	6,110,130
School Leadership	2,338,204	2,024,392
Food Services	2,622,435	2,758,897
Student Transportation	2,062,120	2,258,741
Other Functions	7,412,378	6,723,355
Total expenses	<u>55,760,650</u>	<u>51,531,110</u>
Change in Net Position	157,153	2,069,639
Beginning Net Position, as restated	<u>48,371,001</u>	<u>46,301,362</u>
Ending Net Position	<u>\$ 48,528,154</u>	<u>\$ 48,371,001</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 \$55,760,650.
- The amount that our taxpayers paid for these activities through property taxes was \$27,825,806.

Wylie Independent School District  
Management's Discussion and Analysis  
August 31, 2023

	Total Cost of Services	Program Revenues	Net Costs
Instruction	\$ 28,131,673	\$ 2,201,928	\$ (25,929,745)
School Leadership	2,338,204	60,123	(2,278,081)
Food Services	2,622,435	2,765,596	143,161
Extracurricular	5,083,280	1,862,338	(3,220,942)
Student Transportation	2,062,120	39,378	(2,022,742)
Other Programs	15,522,938	1,518,796	(14,004,142)
Total	<u>\$ 55,760,650</u>	<u>\$ 8,448,159</u>	<u>\$ (47,312,491)</u>

#### FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

Revenues from governmental fund types totaled \$57,216,017. Local revenues increased approximately \$2.4 million primarily as a result of resuming normal food service operations and increased property taxes and state revenue increased approximately \$2.0 million from the prior year primarily as a result of higher state allotments in the current year. Federal revenue decreased approximately \$2.4 million as a result of less revenue from the child nutrition program.

#### General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed. The final amended budget planned for expenditures to exceed revenues by \$2,233,324 whereas there was an actual decrease in fund balance of \$485,987 at August 31, 2023. As noted earlier:

- Local funding was \$474,386 above the final budget.
- State program revenues were \$3,113,635 above the final budget.
- Actual expenditures were above budgeted amounts for total expenditures by \$1,938,773.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At the end of 2023, the District had invested \$169,303,769 in a broad range of capital assets, including land, equipment, and buildings. Accumulated depreciation and amortization on these assets was \$64,006,518 at year end. The net amount of capital assets represents a net decrease (including additions and deductions) of \$3,830,685 over last year.

Wylie Independent School District  
Management's Discussion and Analysis  
August 31, 2023

	Governmental Activities	
	2023	2022 (as restated)
Land	\$ 1,944,458	\$ 1,944,458
Construction in Progress	-	85,800
Buildings and Improvements	156,755,190	156,143,410
Furniture and Equipment	9,864,952	9,224,931
Right-to-use assets	739,169	602,325
Totals at historical costs	169,303,769	168,000,924
Less Accumulated Depreciation for		
Buildings and Improvements	(54,931,091)	(50,347,364)
Furniture and Equipment	(8,699,563)	(8,296,403)
Right-to-use asset	(375,864)	(229,221)
Total accumulated depreciation	(64,006,518)	(58,872,988)
Net Capital Assets	<u>\$ 105,297,251</u>	<u>\$ 109,127,936</u>

More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

#### Long-Term Debt

	Governmental Activities	
	2023	2022 (as restated)
Bond and Notes Payable	\$ 40,300,000	\$ 43,940,000
Unamortized Bond Premium	3,133,386	3,445,303
Finance Contract	544,365	669,900
Leases and SBITAs payable	123,398	116,229
Total	<u>\$ 44,101,149</u>	<u>\$ 48,171,432</u>

At year-end the District had \$44,101,149 in bonds, notes and other long-term obligations, a decrease of \$4,070,283 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

The District's elected and appointed officials considered many factors when setting the fiscal year 2024 budget. The District is continuing to experience increases in our enrollment rate. There were changes approved and more changes on the horizon in regards to local funding as well as state funding. The \$.6692 per hundred-valuation tax rate set by law was decreased from \$.8612 in 2023. County taxable values continued to increase slightly, and the District's budget was built with the assumption they would approve a proposed increase in the Homestead Exemption, from \$40,000 to \$100,000. Local tax revenue is predicted to be just over 14% less than FY 2023. State funding methods are expected to continue to provide substantial support for the District's activities, however, the State's Legislative Planning Amounts are significantly lower than in years past, resulting in a greatly reduced cash flow during the year, and a much larger settle up amount in September of 2025.



#### **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, 2023

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	\$ 4,148,470
1120	Investments - current	3,941,381
1220	Delinquent property taxes receivable	346,833
1230	Allowance for uncollectible taxes (credit)	(135,265)
1240	Due from other governments	3,172,465
	Capital assets	
1510	Land	1,944,458
1520	Buildings, net	101,824,099
1530	Furniture and equipment, net	1,165,389
1550	Right-to-use assets, net	363,305
1000	Total assets	116,771,135
	Deferred outflows of resources	
1705	Deferred outflows - pension	5,237,645
1706	Deferred outflows - OPEB	3,692,054
1700	Total deferred outflows of resources	8,929,699
	Liabilities	
2110	Accounts payable	281,814
2140	Interest payable	77,406
2160	Accrued wages payable	2,895,262
2180	Due to other governments	124,884
2200	Accrued expenses	35,000
2300	Unearned revenues	182,446
	Noncurrent liabilities	
2501	Due within one year	3,975,367
2502	Due in more than one year	40,125,782
2540	Net pension liability	10,679,604
2545	Net OPEB liability	6,944,437
2000	Total liabilities	65,322,002
	Deferred inflows of resources	
2605	Deferred inflows - pension	1,006,311
2606	Deferred inflows - OPEB	10,844,367
2600	Total deferred inflows of resources	11,850,678
	Net position	
3200	Net investment in capital assets	61,196,102
3820	Restricted for grants	935,972
3850	Restricted for debt service	313,058
3900	Unrestricted	(13,916,978)
3000	Total net position	\$ 48,528,154

Data Control Codes	Functions/Programs	Program Revenues		
		1	3	4
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental Activities			
11	Instruction	\$ 28,131,673	\$ 615,218	\$ 1,586,710
12	Instructional Resources and Media Services	379,769	-	8,122
13	Curriculum and Instructional Staff Development	209,401	-	48,480
21	Instructional Leadership	366,684	-	4,632
23	School Leadership	2,338,204	-	60,123
31	Guidance, Counseling, and Evaluation Services	1,724,397	-	681,523
32	Social Work Services	125,000	-	50,000
33	Health Services	444,033	-	51,561
34	Student Transportation	2,062,120	-	39,378
35	Food Services	2,622,435	1,583,986	1,181,610
36	Extracurricular Activities	5,083,280	1,834,863	27,475
41	General Administration	1,639,278	-	37,017
51	Facilities Maintenance and Operations	6,471,282	19,508	86,084
52	Security and Monitoring Services	750,278	-	309,264
53	Data Processing Services	793,301	-	11,162
61	Community Services	252,467	-	4,114
72	Interest on Long Term Debt	1,484,124	-	207,329
81	Facilities Acquisition and Construction	882,924	-	-
TG	Total governmental activities	55,760,650	4,053,575	4,394,584
TP	Total primary government	\$ 55,760,650	\$ 4,053,575	\$ 4,394,584
	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			
	Beginning net position, as restated			
NE	Net Position - Ending			

See Notes to Financial Statements

Wylie Independent School District  
Statement of Activities (Exhibit B-1)  
August 31, 2023

		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	
5		6	8
Capital Grants and Contributions		Governmental Activities	Total
\$	-	\$ (25,929,745)	\$ (25,929,745)
	-	(371,647)	(371,647)
	-	(160,921)	(160,921)
	-	(362,052)	(362,052)
	-	(2,278,081)	(2,278,081)
	-	(1,042,874)	(1,042,874)
	-	(75,000)	(75,000)
	-	(392,472)	(392,472)
	-	(2,022,742)	(2,022,742)
	-	143,161	143,161
	-	(3,220,942)	(3,220,942)
	-	(1,602,261)	(1,602,261)
	-	(6,365,690)	(6,365,690)
	-	(441,014)	(441,014)
	-	(782,139)	(782,139)
	-	(248,353)	(248,353)
	-	(1,276,795)	(1,276,795)
	-	(882,924)	(882,924)
	-	(47,312,491)	(47,312,491)
\$	-	(47,312,491)	(47,312,491)
		23,265,158	23,265,158
		4,560,648	4,560,648
		19,013,041	19,013,041
		77,188	77,188
		409,918	409,918
		143,691	143,691
		47,469,644	47,469,644
		157,153	157,153
		48,113,015	48,113,015
		257,986	257,986
		48,371,001	48,371,001
		\$ 48,528,154	\$ 48,528,154

Wylie Independent School District  
Balance Sheet – Governmental Funds (Exhibit C-1)  
August 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	ONMF Other Non-Major Governmental Funds	98 Total Governmental Funds
<b>Assets</b>				
1110 Cash and cash equivalents	\$ 2,558,864	\$ 500	\$ 1,589,106	\$ 4,148,470
1120 Investments - current	3,931,571	9,810	-	3,941,381
1220 Delinquent property taxes receivable	297,049	49,784	-	346,833
1230 Allowance for uncollectible taxes (credit)	(115,849)	(19,416)	-	(135,265)
1240 Receivables from other governments	2,908,094	-	264,371	3,172,465
1260 Due from other funds	256,157	380,401	533,544	1,170,102
1000 Total assets	<u>9,835,886</u>	<u>421,079</u>	<u>2,387,021</u>	<u>12,643,986</u>
1000a Total assets and deferred outflows of resources	<u>\$ 9,835,886</u>	<u>\$ 421,079</u>	<u>\$ 2,387,021</u>	<u>\$ 12,643,986</u>
<b>Liabilities</b>				
2110 Accounts payable	\$ 175,588	\$ -	\$ 106,226	\$ 281,814
2160 Accrued wages payable	2,741,620	-	153,642	2,895,262
2170 Due to other funds	903,012	-	302,090	1,205,102
2180 Due to other governments	-	-	124,884	124,884
2300 Unearned revenue	71,147	30,615	80,684	182,446
2000 Total liabilities	<u>3,891,367</u>	<u>30,615</u>	<u>767,526</u>	<u>4,689,508</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	121,933	22,881	-	144,814
2600 Total deferred inflows of resources	<u>121,933</u>	<u>22,881</u>	<u>-</u>	<u>144,814</u>
<b>Fund balances</b>				
3450 Restricted - federal or state funds grant	-	-	935,972	935,972
3480 Restricted - retirement of long-term debt	-	367,583	-	367,583
3545 Committed fund balance	-	-	683,523	683,523
3590 Assigned - other	450,602	-	-	450,602
3600 Unassigned	5,371,984	-	-	5,371,984
3000 Total fund balances	<u>5,822,586</u>	<u>367,583</u>	<u>1,619,495</u>	<u>7,809,664</u>
4000 Total liabilities, deferred inflows and fund balances	<u>\$ 9,835,886</u>	<u>\$ 421,079</u>	<u>\$ 2,387,021</u>	<u>\$ 12,643,986</u>

# Wylie Independent School District

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

August 31, 2023

Total Fund Balances - Governmental Funds (Exhibit C-1)		\$ 7,809,664
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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.

-

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

105,297,251

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	(38,120,000)	
Maintenance tax notes	(1,735,000)	
Time warrants	(445,000)	
Finance contracts	(544,365)	
Leases payable	(58,622)	
Subscription IT liabilities	(64,776)	
Unamortized premiums on bonds payable	(3,133,386)	
Interest payable on long-term debt	(77,406)	(44,178,555)

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	144,814
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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	(10,679,604)	
Deferred outflows of resources - TRS pension	5,237,645	
Deferred inflows of resources - TRS pension	(1,006,311)	
Net OPEB liability	(6,944,437)	
Deferred outflows of resources - TRS-Care OPEB	3,692,054	
Deferred inflows of resources - TRS-Care OPEB	(10,844,367)	(20,545,020)

Net Position of Governmental Activities (Exhibit A-1)		\$ 48,528,154
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**Wylie Independent School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (Exhibit C-2)**  
**Year Ended August 31, 2023**

Data Control Codes	10 General Fund	50 Debt Service Fund	ONMF Other Non-Major Governmental Funds	98 Total Governmental Funds
<b>Revenues</b>				
5700 Total local and intermediate sources	\$ 24,293,386	\$ 4,578,700	\$ 3,133,961	\$ 32,006,047
5800 State program revenues	21,346,311	207,329	374,006	21,927,646
5900 Federal program revenues	419,400	-	2,862,924	3,282,324
5020 Total revenues	<u>46,059,097</u>	<u>4,786,029</u>	<u>6,370,891</u>	<u>57,216,017</u>
<b>Expenditures</b>				
<b>Current</b>				
0011 Instruction	27,004,780	-	902,728	27,907,508
0012 Instructional resources and media services	296,520	-	-	296,520
0013 Curriculum and instructional staff development	170,865	-	44,695	215,560
0021 Instructional leadership	374,231	-	-	374,231
0023 School leadership	2,370,769	-	340	2,371,109
0031 Guidance, counseling, and evaluation services	1,075,506	-	655,185	1,730,691
0032 Social work services	75,000	-	50,000	125,000
0033 Health services	387,695	-	41,200	428,895
0034 Student (pupil) transportation	2,237,124	-	-	2,237,124
0035 Food services	3,109	-	2,627,128	2,630,237
0036 Extracurricular activities	2,936,302	-	1,679,816	4,616,118
0041 General administration	1,664,421	-	13,016	1,677,437
0051 Facilities maintenance and operations	5,207,906	-	25,541	5,233,447
0052 Security and monitoring services	809,795	-	295,851	1,105,646
0053 Data processing services	868,181	-	-	868,181
0061 Community Services	281,802	-	-	281,802
<b>Debt service</b>				
0071 Principal on long-term debt	741,449	3,140,000	8,761	3,890,210
0072 Interest on long-term debt	86,647	1,709,394	-	1,796,041
<b>Capital outlay</b>				
0081 Facilities acquisition and construction	56,671	-	-	56,671
6030 Total expenditures	<u>46,648,773</u>	<u>4,849,394</u>	<u>6,344,261</u>	<u>57,842,428</u>
1100 Excess (deficiency) of revenues Over (under) expenditures	<u>(589,676)</u>	<u>(63,365)</u>	<u>26,630</u>	<u>(626,411)</u>
<b>Other financing sources (uses)</b>				
7912 Sale of real and personal property	59,900	-	-	59,900
7913 Proceeds from leases and SBITAs	123,083	-	8,761	131,844
7915 Operating transfers in	-	75,000	-	75,000
8911 Operating transfers out	(79,294)	-	-	(79,294)
7080 Total other financing sources (uses)	<u>103,689</u>	<u>75,000</u>	<u>8,761</u>	<u>187,450</u>
1200 Net change in fund balances	(485,987)	11,635	35,391	(438,961)
0100 Fund balance, beginning of year	6,308,573	355,948	1,584,104	8,248,625
3000 Fund balance, end of year	<u>\$ 5,822,586</u>	<u>\$ 367,583</u>	<u>\$ 1,619,495</u>	<u>\$ 7,809,664</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, 2023

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	\$ (438,961)
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 no change to net position.	-
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 2023 capital outlays of \$1,362,745, bond principal payments of \$3,140,000 and other long-term debt payments of \$750,210, and removal of remaining net book value of disposed assets of \$59,900 is to increase net position.	5,193,055
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.	(5,133,530)
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 \$131,844, to liabilities is to decrease net position.	(131,844)
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
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 \$144,814 as revenue, removing prior year's tax collection of \$60,082 and eliminating interfund transactions.	84,732
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 a decrease of \$9,560. The net effect is to increase net position.	9,560
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 \$148,643. 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 decrease in the amount of \$713,436. The net effect is a decrease in net position.	(564,793)
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 \$24,044. 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 \$802,973. The net effect is an increase in net position.	827,017
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ 157,153</u>



Wylie Independent School District  
Statement of Net Position – Proprietary Fund (Exhibit D-1)  
August 31, 2023

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	Governmental Activities <u>Internal Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ -
Due from other funds	<u>35,000</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, 2023

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	Governmental Activities <u>Internal Service Fund</u>
Operating revenues	
Local and intermediate sources	\$ -
Transfers from other funds	<u>4,294</u>
Total operating revenues	<u>4,294</u>
Operating expenses	
Other operating costs	<u>4,294</u>
Total operating expenses	<u>4,294</u>
Operating loss	<u>-</u>
Change in net position	-
Total net position - beginning of year	<u>-</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, 2023

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	Governmental Activities <u>Internal Service Fund</u>
Operating activities	
Cash received from other funds for services	\$ -
Payments to vendors for services	<u>(4,294)</u>
Net cash used for operating activities	<u>(4,294)</u>
Net change in cash and cash equivalents	(4,294)
Cash - beginning of the year	<u>4,294</u>
Cash - end of the year	<u><u>\$ -</u></u>
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ -
Changes in operating assets and liabilities	
Increase in due from other funds	<u>(4,294)</u>
Net cash used for operating activities	<u><u>\$ (4,294)</u></u>

Wylie Independent School District  
Statement of Fiduciary Net Position - Fiduciary Fund (Exhibit E-1)  
August 31, 2023

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	Custodial Fund
	<u>                    </u>
Assets	
Cash and cash equivalents	\$ <u>                    </u> -
Total assets	<u>                    </u> -
Net Position	
Restricted for student activities	<u>                    </u> -
Total net position	\$ <u>                    </u> -

Wylie Independent School District  
Statement of Changes in Fiduciary Net Position - Fiduciary Fund (Exhibit E-2)  
August 31, 2023

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	Custodial Fund
Additions	
Contributions	\$ 98,206
Total additions	98,206
Deductions	
Extracurricular activities	115,876
Total deductions	115,876
Change in net position	(17,670)
Net position, beginning	17,670
Net position, ending	\$ -

## **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.

### **Deposits and Investments**

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. Investments are reported at fair value.

### **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

Right-to-use lease assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 3 years.

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the District.

**Deferred Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

The District has deferred outflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position.

**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, 2023 fiscal year was based, was \$2,804,948,566. 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, 2023 were 98.48% 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, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$211,568.

The tax rate to finance general governmental services was \$0.8612 per \$100 valuation and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.1688 per \$100 for the year ended August 31, 2023.

**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.

**Net Position**

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets is the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets. The net investment in capital assets is made up of the following:

Net carrying value of capital assets	\$ 105,297,251
Less:	
Outstanding principal of capital debt and other capital borrowings	(40,967,763)
Unamortized balance of original issue premiums	<u>(3,133,386)</u>
Net investment in capital assets	<u>\$ 61,196,102</u>

Restricted for Grants is the component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Health and Human Services, Agriculture or TEA.

Restricted for Debt Service is the component of net position that reports the difference between assets and liabilities of the Debt Service Fund, net of accrued interest, at August 31, 2023, that consists of assets with constraints placed on their use by the bond covenants.

Unrestricted is the difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for federal and state programs, net position restricted for capital projects, and net position restricted for other purposes.

**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, 2023, \$367,583 was restricted for retirement of long-term debt and \$935,972 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, 2023, \$683,523 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, 2023, the District had fund balance assigned for open encumbrances of \$450,602 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.

**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. 96**

As of September 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard the District recognized a right to use subscription asset of \$257,986 as of September 1, 2022. The effect of the implementation of this standard on beginning net position is disclosed in Note 20 and the additional disclosures required by this standard are included in Note 8.

**New Accounting Pronouncements**

***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 was adopted by the District in fiscal year ended August 31, 2023.

***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 implemented this standard.

***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, 2023, the bank balance of \$4,726,540 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 \$16,558,370 at August 31, 2023, 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, 2023, 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	\$ 4,148,470	51.3%	\$ 4,148,470	51.3%	\$4,148,470	\$ -	N/A
Investment Pools							
Lonestar/First Public	3,941,381	48.7%	3,941,381	48.7%	3,941,381	-	AAA
Total cash and investments	<u>\$ 8,089,851</u>	<u>100.0%</u>	<u>\$ 8,089,851</u>	<u>100.0%</u>	<u>\$ 8,089,851</u>	<u>\$ -</u>	

Investment Pools are measured at amortized cost or net asset value, i.e. fair value. As such, these investments are not required to be reported in the fair value hierarchy.

Lone Star Investment Pool is governed by an 11-member board and is a AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act. Lone Star Investment Pool is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Lone Star uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Lone Star is the same as the value of Lone Star Shares. Lone Star is administered by First Public LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares.

### 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 in Local Government Investment Pools (LGIP's) includes Lone Star/First Public. This is a public fund investment pool operating in full compliance with the Public Funds Investment Act. Lone Star/First Public is rated AAA by Standard and Poor's.

### 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, 2023, there are no foreign currency investments in the District's portfolio.

### 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, 2023, are summarized below.

Fund	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ 2,908,094	\$ -	\$ 2,908,094
Nonmajor Governmental Funds	-	264,371	264,371
	<u>\$ 2,908,094</u>	<u>\$ 264,371</u>	<u>\$ 3,172,465</u>

### Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2023 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
Debt service fund	\$ -	\$ 380,401
Nonmajor governmental funds	256,157	487,611
Internal service fund	-	35,000
Debt service fund		
General fund	380,401	-
Nonmajor governmental funds		
General fund	487,611	256,157
Nonmajor governmental funds	45,933	45,933
Internal service fund		
General fund	35,000	-
Totals	<u>\$ 1,205,102</u>	<u>\$ 1,205,102</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, 2023, consisted of the following individual balances:

Transfer Out	Transfers In	Amount
General Fund	Debt Service Fund	\$ 75,000
General Fund	Internal Service Fund	4,294
Total		<u>\$ 79,294</u>

The interfund transfer between the general fund and debt service fund is to supplement resources used for debt service. The interfund transfer between the general fund and internal service fund is to cover deficit net position.

**Note 5 - Capital Assets**

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

	Balance 9/1/2022 (as restated)	Additions	Deletions	Balance 8/31/2023
Capital assets, not being depreciated				
Land	\$ 1,944,458	\$ -	\$ -	\$ 1,944,458
Construction in progress	85,800	127,698	(213,498)	-
Total capital assets, not being depreciated	<u>2,030,258</u>	<u>127,698</u>	<u>(213,498)</u>	<u>1,944,458</u>
Capital assets, being depreciated				
Building and improvements	156,143,410	611,780	-	156,755,190
Furniture and equipment	9,224,931	699,921	(59,900)	9,864,952
Total capital assets, being depreciated	<u>165,368,341</u>	<u>1,311,701</u>	<u>(59,900)</u>	<u>166,620,142</u>
Less accumulated depreciation for:				
Building and improvements	(50,347,364)	(4,583,727)	-	(54,931,091)
Furniture and equipment	(8,296,403)	(403,160)	-	(8,699,563)
Total accumulated depreciation	<u>(58,643,767)</u>	<u>(4,986,887)</u>	<u>-</u>	<u>(63,630,654)</u>
Total capital assets, being depreciated (net)	<u>106,724,574</u>	<u>(3,675,186)</u>	<u>(59,900)</u>	<u>102,989,488</u>
Right-to-use leased assets being amortized				
Equipment	344,339	-	-	344,339
Total right-to-use leased assets, being amortized	<u>344,339</u>	<u>-</u>	<u>-</u>	<u>344,339</u>
Less accumulated amortization for				
Equipment	(229,221)	(57,194)	-	(286,415)
Total accumulated amortization, right-to-use leased assets	<u>(229,221)</u>	<u>(57,194)</u>	<u>-</u>	<u>(286,415)</u>
Net right-to-use leased assets	<u>115,118</u>	<u>(57,194)</u>	<u>-</u>	<u>57,924</u>
Right-to-use subscription IT assets being amortized	257,986	136,844	-	394,830
Less accumulated amortization, IT assets	-	(89,449)	-	(89,449)
Net right-to-use subscription IT assets	<u>257,986</u>	<u>47,395</u>	<u>-</u>	<u>305,381</u>
Total right-to-use assets	<u>373,104</u>	<u>(9,799)</u>	<u>-</u>	<u>363,305</u>
Total capital assets (net)	<u>\$ 109,127,936</u>	<u>\$ (3,557,287)</u>	<u>\$ (273,398)</u>	<u>\$ 105,297,251</u>

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

Instruction	\$ 1,417,242
Instructional resources and media services	95,781
School leadership	63,854
Guidance, counseling and evaluation services	47,890
Health services	31,927
Student transportation	341,163
Food service	91,158
Cocurricular/extracurricular activities	530,445
Facilities maintenance and operations	1,480,497
Data processing services	4,006
Facilities, acquisition and construction	882,924
	<hr/>
Total depreciation expense	\$ 4,986,887
	<hr/>

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

Instruction	\$ 146,643
	<hr/>
Total depreciation expense	\$ 146,643
	<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, 2023

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 9/1/2022 (as restated)	Issued/ Increase	Retired/ Decrease	Amounts Outstanding 8/31/2023
Governmental activities:						
Unlimited Tax						
School Building						
Bond - Series 2015	2.00%-5.00%	\$ 14,105,000	\$ 4,815,000	\$ -	\$ (1,540,000)	\$ 3,275,000
Unlimited Tax						
School Building						
Bond - Series 2018	2.00% - 5.00%	41,520,000	36,445,000	-	(1,600,000)	34,845,000
Total bonds payable			41,260,000	-	(3,140,000)	38,120,000
Maintenance Tax Note						
Series 2017	2.00%-4.00%	3,950,000	2,135,000	-	(400,000)	1,735,000
Time Warrants						
Series 2017	2.50%-3.50%	1,000,000	545,000	-	(100,000)	445,000
Finance contract	3.28%	669,900	669,900	-	(125,535)	544,365
Leases payable	1.40%-3.85%	116,229	116,229	-	(57,607)	58,622
Subscription IT liabilities	4.36%-5.92%	131,844	-	131,844	(67,068)	64,776
Unamortized bond premium			3,445,303	-	(311,917)	3,133,386
Total other long-term debt			6,911,432	131,844	(1,062,127)	5,981,149
Total governmental activities						
long term liabilities			\$ 48,171,432	\$ 131,844	\$ (4,202,127)	\$ 44,101,149

Amounts due within the following year are as follows:

	<u>Amounts Due Within One Year</u>
Unlimited Tax School Building Bond - Series 2015	\$ 1,610,000
Unlimited Tax School Building Bond - Series 2018	1,665,000
Maintenance Tax Note, Series 2017	415,000
Time Warrants, Series 2017	105,000
Finance contract	129,590
Leases payable	28,383
Subscription IT liabilities	<u>22,394</u>
Total	<u><u>\$ 3,975,367</u></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	
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	142,704	4,744	3,750,025
2028	2,015,000	1,152,350	-	-	-	-	3,167,350
2029 - 2033	11,395,000	4,449,094	-	-	-	-	15,844,094
2034 - 2038	14,265,000	1,577,069	-	-	-	-	15,842,069
	<u>\$ 38,120,000</u>	<u>\$ 12,771,052</u>	<u>\$ 2,180,000</u>	<u>\$ 136,300</u>	<u>\$ 544,365</u>	<u>\$ 45,425</u>	<u>\$ 53,207,352</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, 2023.

#### **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, 2023, the District has recognized a right to use asset of \$57,924 and a lease liability of \$58,622 related to these agreements. During the fiscal year, the District recorded \$57,194 in amortization expense and \$1,809 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 estimated incremental borrowing rate of the District.

Remaining obligations associated with these leases are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 28,383	\$ 821	\$ 29,204
2025	26,798	278	27,076
2026	<u>3,441</u>	<u>6</u>	<u>3,447</u>
Total	<u>\$ 58,622</u>	<u>\$1,105</u>	<u>\$ 59,727</u>

#### **Note 8 - Subscription-Based Information Technology Arrangements (SBITAs)**

The District has entered into multiple SBITA contracts for educational and productivity software. The District is required to make principal and interest payments through fiscal year 2026. The subscription liability was valued using discount rates between 4.36% and 5.92%. The discount rates were based on the estimated incremental borrowing rate of the District. Remaining obligations associated with the SBITA arrangements are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	\$ 22,394	\$2,396	\$ 24,790
2025	20,607	1,229	21,836
2026	<u>21,775</u>	<u>3</u>	<u>21,778</u>
Total	<u>\$ 64,776</u>	<u>\$3,628</u>	<u>\$ 68,404</u>



**Note 9 - 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, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Note 10 - 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](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 86<sup>th</sup> 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	
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.50%	8.00%
	2022	2023
Member Contributions	\$ 2,224,330	\$ 2,406,779
NECE On-Behalf Contributions	1,751,831	1,901,681
Employer Contributions	837,560	986,203

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Fair value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2020	3.91%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
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, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 12, 2021.

**Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. 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, 2022 (see page 54 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, 2022**

Asset Class	Target Allocation <sup>1</sup>	Long-Term Expected Geometric Real Rate of Return <sup>2</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return <sup>4</sup>	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy and Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag <sup>3</sup>			-0.91%
Expected Return	100%		8.19%

<sup>1</sup> Target allocations based on the FY2022 policy model.

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

<sup>3</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

<sup>4</sup> 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 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Total TRS pension liability	\$ 92,353,208,735	\$ 59,367,428,259	\$ 32,630,904,839
District's proportionate share of the net pension liability	\$ 16,613,415	\$ 10,679,604	\$ 5,869,972

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

At August 31, 2023, the District reported a liability of \$10,679,604 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	\$ 10,679,604
State's proportionate share that is associated with the District	<u>21,783,637</u>
Total	<u>\$ 32,463,241</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.000179890 which was an increase of .0000058 from its proportion measured as of August 31, 2021.

### Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

# Wylie Independent School District

Notes to Financial Statements

August 31, 2023

For the year ended August 31, 2023, the District recognized pension expense of \$2,082,269 and revenue of \$1,712,200 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 154,853	\$ 232,836
Changes in actuarial assumptions	1,989,958	495,953
Difference between projected and actual investment earnings	1,055,111	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,051,520	277,522
Contributions paid to TRS subsequent to the measurement date	986,203	-
Total	<u>\$ 5,237,645</u>	<u>\$ 1,006,311</u>

\$986,203 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, 2024.

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	Amount
2024	\$ 920,451
2025	541,152
2026	209,698
2027	1,345,648
2028	228,182
Thereafter	-
Total	<u>\$ 3,245,131</u>

**Note 11 - 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](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		
	2022	2023
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%
	2022	2023
Employer Contributions	\$ 230,721	\$ 254,765
Member Contributions	183,729	195,557
NECE On-Behalf Contributions	330,181	361,413

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 from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

### Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for 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, 2021 TRS pension plan actuarial valuation that was rolled forward to August 31, 2022:

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. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Rates. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

**Additional Actuarial Methods and Assumptions**

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted 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 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 65% participation prior to age 65 and 25% participation after age 65; 30% 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 3.91% was used to measure the total OPEB liability. There was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

### Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Total TRS OPEB liability	\$ 28,231,881,036	\$ 23,944,005,302	\$ 20,470,275,606
District's proportionate share of the net OPEB liability	\$ 8,188,042	\$ 6,944,437	\$ 5,936,957

### 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	\$ 19,729,968,204	\$ 23,944,005,302	\$ 29,406,962,102
District's proportionate share of the net OPEB liability	\$ 5,722,247	\$ 6,944,437	\$ 8,528,849

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

At August 31, 2023, the District reported a liability of \$6,944,437 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	\$ 6,944,437
State's proportionate share that is associated with the District	<u>8,471,122</u>
Total	<u><u>\$ 15,415,559</u></u>

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

At August 31, 2023, the District's proportion of the collective Net OPEB Liability was 0.0290028198% compared to 0.029444959% as of August 31, 2022.

### 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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. 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.

For the year ended August 31, 2023, the District recognized OPEB benefit of \$1,202,121. Additionally, the District recognized revenue of \$290,581 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 386,086	\$ 5,785,339
Changes in actuarial assumptions	1,057,775	4,824,582
Difference between projected and actual investment earnings	20,686	-
Changes in proportion and differences between District contributions and the proportionate share of contributions	1,972,742	234,446
Contributions paid to TRS subsequent to the measurement date	254,765	-
	<u>\$ 3,692,054</u>	<u>\$ 10,844,367</u>
Total		

\$254,765 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, 2024.

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>
2024	\$ (1,355,876)
2025	(1,355,801)
2026	(1,061,315)
2027	(662,624)
2028	(911,875)
Thereafter	<u>(2,059,587)</u>
Total	<u><u>\$ (7,407,078)</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 \$164,227, \$87,483, and \$116,350 for the years ended August 31, 2023, 2022 and 2021, respectively.

**Note 12 - Health Care and Workers' Compensation Coverage**

During the year ended August 31, 2023, 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, 2023, 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:

	2023	2022
Claims payable beginning of year	\$ 35,000	\$35,000
Claims incurred	4,294	36,270
Claims paid	(4,294)	(36,270)
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, 2023, 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, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, 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, 2023, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin.

### Note 13 - Revenues from Local and Intermediate Sources

For the year ended August 31, 2023, 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	\$ 23,199,411	\$ 4,541,663	\$ -	\$ 27,741,074
Food service sales	-	-	1,583,986	1,583,986
Investment income	372,881	37,037	-	409,918
Penalties, interest, and other tax-related income	143,691	-	-	143,691
Co-curricular student activities	284,888	-	1,549,975	1,834,863
Other	292,515	-	-	292,515
Total	<u>\$ 24,293,386</u>	<u>\$ 4,578,700</u>	<u>\$ 3,133,961</u>	<u>\$ 32,006,047</u>

**Note 14 - 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	\$ 25,090	\$ -	\$ -	\$ 25,090
Food service revenue	-	-	80,684	80,684
State revenue	46,057	30,615	-	76,672
Total	<u>\$ 71,147</u>	<u>\$ 30,615</u>	<u>\$ 80,684</u>	<u>\$ 182,446</u>

**Note 15 - 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 16 - 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 2023, 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 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	\$ 311,655
Medicaid Administrative Program	93.778	30,556
Impact Aid	84.041	<u>77,189</u>
		<u><u>\$ 419,400</u></u>

**Note 19 - Tax Abatements**

In compliance with GASB Statement No. 77, the District did not have any outstanding tax abatements for the year ended August 31, 2023.

**Note 20 - Adoption of New Standard**

As of September 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as 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. 96 as follows:

	<u>Governmental Activities</u>
Net position at September 1, 2022, as previously reported	\$ 48,113,015
Add right-to-use intangible assets, net of amortization under GASB Statement No. 96 at September 1, 2022	<u>257,986</u>
Net position at September 1, 2022, as restated	<u><u>\$ 48,371,001</u></u>

**Note 21 - Subsequent Events**

On November 7, 2023, the District held a School Bond Election in which the voters passed a bond package totaling approximately \$240 million to be used for construction of a new elementary school, high school and intermediate school enhancements and other projects.



Required Supplementary Information  
August 31, 2023

## 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, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive or (Negative)
		Original	Final		
Revenues					
5700	Total local and intermediate sources	\$ 23,819,000	\$ 23,819,000	\$ 24,293,386	\$ 474,386
5800	State program revenues	16,944,000	18,232,676	21,346,311	3,113,635
5900	Federal program revenues	425,000	425,000	419,400	(5,600)
5020	Total revenues	41,188,000	42,476,676	46,059,097	3,582,421
Expenditures					
Current					
0011	Instruction	24,399,035	25,299,035	27,004,780	(1,705,745)
0012	Instructional resources and media services	290,000	290,000	296,520	(6,520)
0013	Curriculum and instructional staff development	166,950	166,950	170,865	(3,915)
0021	Instructional leadership	399,500	399,500	374,231	25,269
0023	School leadership	2,028,400	2,193,400	2,370,769	(177,369)
0031	Guidance, counseling, and evaluation services	871,115	1,096,115	1,075,506	20,609
0032	Social work services	160,000	150,000	75,000	75,000
0033	Health services	360,000	400,000	387,695	12,305
0034	Student (pupil) transportation	2,040,000	2,060,000	2,237,124	(177,124)
0035	Food service	-	-	3,109	(3,109)
0036	Extracurricular activities	2,024,000	2,900,000	2,936,302	(36,302)
0041	General administration	1,385,000	1,600,000	1,664,421	(64,421)
0051	Facilities maintenance and operations	4,145,000	5,100,000	5,207,906	(107,906)
0052	Security and monitoring services	563,000	1,100,000	809,795	290,205
0053	Data processing services	723,000	875,000	868,181	6,819
0061	Community Services	165,000	300,000	281,802	18,198
Debt service					
0071	Principal on long term debt	500,000	646,000	741,449	(95,449)
0072	Interest on long term debt	64,000	64,000	86,647	(22,647)
Capital outlay					
0081	Facilities acquisition and construction	904,000	70,000	56,671	13,329
6030	Total expenditures	41,188,000	44,710,000	46,648,773	(1,938,773)
1100	Excess (deficiency) of revenues over (under) expenditures	-	(2,233,324)	(589,676)	1,643,648
Other financing sources (uses)					
7912	Sale of real and personal property	-	-	59,900	59,900
7913	Proceeds from leases and SBITAs	-	-	123,083	123,083
8911	Operating transfers out	-	-	(79,294)	(79,294)
7080	Total other financing sources (uses)	-	-	103,689	103,689
1200	Net change in fund balances	-	(2,233,324)	(485,987)	1,747,337
0100	Fund balance - September 1 (beginning)	6,308,573	6,308,573	6,308,573	-
3000	Fund balance - August 31 (ending)	\$ 6,308,573	\$ 4,075,249	\$ 5,822,586	\$ 1,747,337

Wylie Independent School District

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

August 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000179890	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	\$ 10,679,604	\$ 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 pension liability associated with the District	21,783,637	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>\$ 32,463,241</u>	<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	\$ 27,804,117	\$ 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	38.41%	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	75.62%	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.

See Notes to Required Supplementary Information

Wylie Independent School District  
Schedule of the District's Contributions – Teacher Retirement System (Exhibit G-3)  
Year Ended August 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 986,203	\$ 837,560	\$ 730,029	\$ 659,901	\$ 608,521	\$ 505,775	\$ 480,383	\$ 428,284	\$ 382,578
Contributions in relation to the contractually required contributions	(986,203)	(837,560)	(730,029)	(659,901)	(608,521)	(505,775)	(480,383)	(428,284)	(382,578)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 30,087,124	\$ 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	3.28%	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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.000290028	0.000294450	0.000282232	0.000274659	0.000259103	0.000239965
District's proportionate share of the net OPEB liability	\$ 6,944,437	\$ 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>8,471,122</u>	<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>\$ 15,415,559</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	\$ 27,804,117	\$ 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	24.98%	43.65%	44.00%	61.59%	64.86%	56.10%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 254,765	\$ 230,721	\$ 226,699	\$ 225,229	\$ 190,933	\$ 183,052
Contribution in relation to the contractually required contribution	<u>(254,765)</u>	<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>	<u>\$ -</u>
Covered payroll	\$ 30,087,124	\$ 27,804,117	\$26,020,664	\$24,386,008	\$21,087,811	\$19,947,409
Contributions as a percentage of Covered payroll	0.85%	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 internal service fund.

The following expenditures exceeded appropriations in the final general fund budget:

	Budgeted	Actual	Variance
<b>General Fund</b>			
0011 Facilities maintenance and operations	\$ 25,299,035	\$ 27,004,780	\$ (1,705,745)
0012 Instructional resources and media services	290,000	296,520	(6,520)
0013 Curriculum and instructional staff develop	166,950	170,865	(3,915)
0023 School leadership	2,193,400	2,370,769	(177,369)
0034 Student (pupil) transportation	2,060,000	2,237,124	(177,124)
0035 Food service	-	3,109	(3,109)
0036 Extracurricular activities	2,900,000	2,936,302	(36,302)
0041 General administration	1,600,000	1,664,421	(64,421)
0051 Facilities maintenance and operations	5,100,000	5,207,906	(107,906)
0071 Principal on long-term debt	646,000	741,449	(95,449)
0072 Interest on long-term debt	64,000	86,647	(22,647)

## **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**

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

## **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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.



Other Supplementary Information  
August 31, 2023

**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	\$ -	\$ 6,483	\$ 93	\$ 617,685
1240	Receivables from other governments	29,738	85,057	-	53,606
1260	Due from other funds	-	-	-	470,209
1000	Total assets	29,738	91,540	93	1,141,500
1000a	Total assets and deferred outflows of resources	<u>\$ 29,738</u>	<u>\$ 91,540</u>	<u>\$ 93</u>	<u>\$ 1,141,500</u>
	Liabilities				
2110	Accounts payable	\$ 1,420	\$ -	\$ -	\$ 68,789
2160	Accrued wages payable	24,653	72,934	-	56,055
2170	Due to other funds	3,665	18,606	93	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	80,684
2000	Total liabilities	<u>29,738</u>	<u>91,540</u>	<u>93</u>	<u>205,528</u>
	Fund Balances				
3450	Restricted - federal or state funds grant	-	-	-	935,972
3545	Committed - Other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>935,972</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 29,738</u>	<u>\$ 91,540</u>	<u>\$ 93</u>	<u>\$ 1,141,500</u>

Wylie Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2023

244	255	282	283	289	410	429
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	ESSER III (ARP)	ESSER III Supplemental	Title IV, Part A	Textbook and Kindergarten Material	Other State Funded Special Revenue Funds
\$ -	\$ -	\$ 108	\$ -	\$ 124,884	\$ 6,974	\$ -
-	-	-	95,970	-	-	-
-	-	-	-	-	-	-
-	-	108	95,970	124,884	6,974	-
\$ -	\$ -	\$ 108	\$ 95,970	\$ 124,884	\$ 6,974	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,974	\$ -
-	-	-	-	-	-	-
-	-	108	95,970	-	-	-
-	-	-	-	124,884	-	-
-	-	-	-	-	-	-
-	-	108	95,970	124,884	6,974	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ 108	\$ 95,970	\$ 124,884	\$ 6,974	\$ -

Wylie Independent School District  
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit H-1)  
August 31, 2023

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	Assets		
1110	Cash and cash equivalents	\$ 832,879	\$ 1,589,106
1240	Receivables from other governments	-	264,371
1260	Due from other funds	63,335	533,544
		<hr/>	<hr/>
1000	Total assets	896,214	2,387,021
1000a	Total assets and deferred outflows of resources	<hr/> <hr/>	<hr/> <hr/>
	Liabilities		
2110	Accounts payable	\$ 29,043	\$ 106,226
2160	Accrued wages payable	-	153,642
2170	Due to other funds	183,648	302,090
2180	Due to other governments	-	124,884
2300	Unearned revenue	-	80,684
		<hr/>	<hr/>
2000	Total liabilities	212,691	767,526
	Fund Balances		
3450	Restricted - federal or state funds grant	-	935,972
3545	Committed - Other	683,523	683,523
		<hr/>	<hr/>
3000	Total fund balances	683,523	1,619,495
4000	Total liabilities, deferred inflows and fund balances	<hr/> <hr/>	<hr/> <hr/>

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	\$ -	\$ -	\$ -	\$ 1,583,986
5800	State program revenues	-	-	-	59,448
5900	Federal program revenues	257,043	919,846	8,671	1,148,926
5020	Total revenues	257,043	919,846	8,671	2,792,360
	Expenditures				
	Current				
0011	Instruction	257,043	264,661	8,671	-
0013	Curriculum and instructional	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	655,185	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food services	-	-	-	2,627,128
0036	Extracurricular Activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
	Debt service				
0071	Principal on long-term debt	-	-	-	-
6030	Total expenditures	257,043	919,846	8,671	2,627,128
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	165,232
	Other financing sources (uses)				
7913	Proceeds from leases and SBITAs	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	165,232
0100	Fund balance, beginning of year	-	-	-	770,740
3000	Fund balance - August 31 (ending)	\$ -	\$ -	\$ -	\$ 935,972



**Wylie Independent School District**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2023

244	255	282	283	289	410	429
Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	ESSER III (ARP)	ESSER III Supplemental	Title IV, Part A	Textbook and Kindergarten Material	Other State Funded Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	72	-	4,829	309,657
24,967	45,260	-	405,276	52,935	-	-
24,967	45,260	-	405,348	52,935	4,829	309,657
24,967	225	-	342,332	-	4,829	-
-	44,695	-	-	-	-	-
-	340	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	50,000	-	-	-
-	-	-	-	41,200	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	13,016	-	-	-
-	-	-	-	11,735	-	13,806
-	-	-	-	-	-	295,851
-	2,659	-	-	-	6,102	-
24,967	47,919	-	405,348	52,935	10,931	309,657
-	(2,659)	-	-	-	(6,102)	-
-	2,659	-	-	-	6,102	-
-	2,659	-	-	-	6,102	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Wylie Independent School District**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds (Exhibit H-2)  
Year Ended August 31, 2023

Data Control Codes		461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	Revenues		
5700	Local and intermediate sources	\$ 1,549,975	\$ 3,133,961
5800	State program revenues	-	374,006
5900	Federal program revenues	-	2,862,924
		<u>1,549,975</u>	<u>6,370,891</u>
	Expenditures		
	Current		
0011	Instruction	-	902,728
0013	Curriculum and instructional	-	44,695
0023	School leadership	-	340
0031	Guidance, counseling and evaluation services	-	655,185
0032	Social work services	-	50,000
0033	Health services	-	41,200
0035	Food services	-	2,627,128
0036	Extracurricular Activities	1,679,816	1,679,816
0041	General administration	-	13,016
0051	Plant maintenance and operations	-	25,541
0052	Security and monitoring services	-	295,851
	Debt service		
0071	Principal on long-term debt	-	8,761
		<u>1,679,816</u>	<u>6,344,261</u>
6030	Total expenditures		
		<u>1,679,816</u>	<u>6,344,261</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(129,841)</u>	<u>26,630</u>
	Other financing sources (uses)		
7913	Proceeds from leases and SBITAs	-	8,761
		<u>-</u>	<u>8,761</u>
7080	Total other financing sources (uses)		
		<u>-</u>	<u>8,761</u>
1200	Net change in fund balances	(129,841)	35,391
0100	Fund balance, beginning of year	<u>813,364</u>	<u>1,584,104</u>
3000	Fund balance - August 31 (ending)	<u>\$ 683,523</u>	<u>\$ 1,619,495</u>



Required TEA Schedules  
August 31, 2023

## 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>	
2014 (and prior years)	\$ Various	\$ Various	\$ Various
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	0.930000	0.190000	2,505,472,486
2023 (school year under audit)	0.861200	0.168800	2,804,948,566
1000 Totals			
8000 Taxes refunded			

Wylie Independent School District  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Year Ended August 31, 2023

10	20	31	32	40	50
Beginning Balance September 1, 2022	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2023
\$ 36,464	\$ -	\$ 150	\$ 1	\$ 250	\$ 36,563
9,256	-	268	-	-	8,988
9,624	-	8	-	(1)	9,615
11,068	-	22	2	143	11,187
12,544	-	(238)	(19)	(282)	12,519
15,619	-	754	176	1,230	15,919
19,799	-	10,497	2,457	9,182	16,027
26,185	-	16,328	3,718	(3,538)	2,601
145,773	-	64,025	12,823	(31,652)	37,273
-	28,084,548	23,125,573	4,532,642	(230,192)	196,141
<u>\$ 286,332</u>	<u>\$ 28,084,548</u>	<u>\$ 23,217,387</u>	<u>\$ 4,551,800</u>	<u>\$ (254,860)</u>	<u>\$ 346,833</u>
		<u>\$ 285,158</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, 2023

Data Control Codes		Budgeted Amounts		Actual Amount (GAAP Basis)	Variance with Final Budget Positive or (Negative)
		Original	Final		
Revenues					
5700	Total local and intermediate sources	\$ 1,680,000	\$ 1,680,000	\$ 1,583,986	\$ (96,014)
5800	State program revenues	36,000	36,000	59,448	23,448
5900	Federal program revenues	665,000	1,395,000	1,148,926	(246,074)
5020	Total revenues	2,381,000	3,111,000	2,792,360	(318,640)
Expenditures					
Current					
0035	Food service	2,381,000	2,450,000	2,627,128	(177,128)
6030	Total expenditures	2,381,000	2,450,000	2,627,128	(177,128)
1100	Excess (deficiency) of revenues Over (under) expenditures	-	661,000	165,232	(495,768)
1200	Net change in fund balances	-	661,000	165,232	(495,768)
0100	Fund balance, beginning of year	770,740	770,740	770,740	-
3000	Fund balance, end of year	\$ 770,740	\$ 1,431,740	\$ 935,972	\$ (495,768)

# 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, 2023

Data Control Codes		Budgeted Amounts		Actual Amount	Variance with Final Budget
		Original	Final	(GAAP Basis)	Positive or (Negative)
Revenues					
5700	Total local and intermediate sources	\$ 4,506,000	\$ 4,506,000	\$ 4,578,700	\$ 72,700
5800	State program revenues	-	-	207,329	207,329
5020	Total revenues	4,506,000	4,506,000	4,786,029	280,029
Expenditures					
Current					
0071	Principal on long term debt	3,140,000	3,140,000	3,140,000	-
0072	Interest on long term debt	1,710,000	1,710,000	1,709,394	606
6030	Total expenditures	4,850,000	4,850,000	4,849,394	606
Other Financing Sources (Uses)					
7915	Operating transfers in	-	-	75,000	75,000
7080	Total other financing sources (uses)	-	-	75,000	75,000
1200	Net change in fund balances	(344,000)	(344,000)	11,635	355,635
0100	Fund balance - September 1 (beginning)	355,948	355,948	355,948	-
3000	Fund balance - August 31 (ending)	\$ 11,948	\$ 11,948	\$ 367,583	\$ 355,635

<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.	\$ 1,858,509
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)	\$ 578,683
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.	\$ 70,953
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 37,845





Federal Awards Section

August 31, 2023

**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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2024.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

## **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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

## **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Bailly LLP". The signature is written in a cursive, flowing style.

Abilene, Texas  
January 5, 2024



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

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

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

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's 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.

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

Abilene, Texas  
January 5, 2024

Wylie Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2023

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-2023-5165	\$ 77,189
Passed through Texas Education Agency			
Title I Grants to Local Education Agencies			
Title I, Part A - Improving Basic Programs	84.010A	23610101221912	257,043
Special Education Cluster (IDEA):			
Special Education - Grants to States***	84.027A	226600012219126000	37,803
Special Education - Grants to States***	84.027A	236600012219126000	882,043
Special Education - Preschool Grants	84.173A	236610012219126000	8,671
Total Special Education Cluster (IDEA)			928,517
Career and Technical Education -			
Basic Grants to States	84.048A	23420006221912	24,967
Title IV Grants to Local Education Agencies			
Title IV, Part A, Subpart 1	84.424A	23680101221912	11,735
COVID-19 Elementary and Secondary School			
Emergency Relief (ESSER III Supplemental)	84.425U	21528043221912	405,276
Passed through Education Service Center Region XIV			
Supporting Effective Instruction State Grants	84.367A	23694501221950	45,260
Total Department of Education			1,749,987

Wylie Independent School District  
Schedule of Expenditures of Federal Awards (Exhibit K-1)  
Year Ended August 31, 2023

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 Education Agency COVID-19 School Health Support Grant	93.323	HHS001114100001	41,200
Passed through Texas Department of Health and Human Services Medicaid Administrative Claiming (Medicaid cluster)	93.778	HHS000537900145	30,556
Total Department of Health and Human Services			71,756
U.S. Department of Agriculture			
Passed through Texas Education Agency Child Nutrition Cluster			
School Breakfast Program **	10.553	71402201	23,022
School Breakfast Program **	10.553	71402301	157,318
National School Lunch - Cash Assistance *	10.555	71302201	97,647
National School Lunch - Cash Assistance *	10.555	71302301	694,114
National School Lunch - Non-Cash Assistance *	10.555	71302301	13,965
Passed through Texas Department of Agriculture Supply Chain Assistance Grant *	10.555	236TX400N8903	159,725
Total Child Nutrition Cluster			1,145,791
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	236TX400N8903	3,135
Total Department of Agriculture			1,148,926
Total Federal Financial Assistance			\$ 2,970,669
* Total National School Lunch Program (CFDA 10.555)			\$ 965,451
** Total School Breakfast Program (CFDA 10.553)			180,340
*** Total Special Education - Grants to States (CFDA 84.027A)			919,846



**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, 2023. 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	\$ 2,970,669
Medicaid Reimbursements (SHARS)	<u>311,655</u>
Federal Revenues per Exhibit C-2	<u><u>\$ 3,282,324</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.

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**Section I – Summary of Auditor’s Results**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	Yes

**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:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Elementary and Secondary School Emergency Relief Fund Special Education Cluster	84.425U 84.027A; 84.173A
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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<b>Finding 2023-001:</b>	Financial Reporting and Material Audit Adjustments
<b>Type of Finding:</b>	Material Weakness
<b>Criteria:</b>	Management of the District is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP). This includes the design, implementation, and maintenance of internal controls relevant to the fair presentation of the financial statements that are free from material misstatement in a timely manner.
<b>Condition:</b>	The internal control structure of the District has focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains deficiencies which resulted in certain material entries recorded that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple financial reporting entries as an approved nonattest service.
<b>Cause:</b>	The District does not internally prepare GAAP financial statements with full disclosures. Additionally, a system conversion resulted in time constraints being placed on management personnel.
<b>Effect:</b>	The preparation of financial statements may result in financial statements and related information included in financial statement disclosures not being available or accurate for management purposes as timely and accurate as it would be if the financial statements were prepared by the District.
<b>Recommendation:</b>	Auditing standards require that auditors communicate this deficiency; however, the District prepares budgetary and other financial reports for Board review on a routine basis. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.
<b>View of Responsible Officials:</b>	Management agrees with the noted finding. Refer to the Corrective Action Plan.

<b>Finding 2023-002:</b>	Noncompliance with PIC Spending Requirements
<b>Type of Finding:</b>	Noncompliance
<b>Criteria:</b>	The Foundation School Program (FSP) established under the Texas Education Code requires that the District spend 55% of the FSP allotment for direct costs related to compensatory education, special education, bilingual education, career and technology education, and college, career, and military readiness. Additionally, the FSP requires that the District spend 100% of the FSP allotment for direct costs related to students with dyslexia or related disorder programs, and early education programs. The District monitors spending compliance through use of the program intent code (PIC) in its accounting system.
<b>Condition:</b>	For the year ended August 31, 2023, the amount of expenditures recorded to the applicable PIC codes for compensatory education, career and technology, bilingual education, and early education did not meet the mandatory spending requirements noted above.
<b>Cause:</b>	The District did not appropriately code expenditures to the correct PIC code and failed to monitor its progress toward compliance during the year.
<b>Effect:</b>	The District failed to show compliance with the FSP spending requirements for the year ended August 31, 2023.
<b>Recommendation:</b>	TEA utilizes a 3-year average in accordance with Texas Education Code 48.104 and 48.105. The failure to comply during the current year increases the likelihood that the District will fail the 3 year lookback period. It is recommended that the District enhance its procedures for PIC coding and monitoring to ensure that they are on track to be in compliance using a 3-year average.
<b>View of Responsible Officials:</b>	Management agrees with the noted finding. Refer to the Corrective Action Plan.

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### Section III – Federal Award Findings and Questioned Costs

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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, 2023

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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?	Yes
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?	Yes
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	\$ -

Management's Response to Auditor's Findings:  
Corrective Action Plan  
September 30, 2023

Prepared by Management of  
**Wylie Independent School District**

# WYLIE INDEPENDENT SCHOOL DISTRICT

6251 Buffalo Gap Road  
Abilene, TX 79606  
(325) 692-4353

## Corrective Action Plan

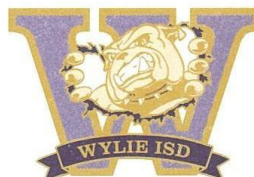
### Finding 2023-001

**Finding Summary:** The District does not have an internal control system designed to provide for the timely preparation of the financial statements and related financial statement disclosures. There were material entries that were detected as a result of audit procedures. Further, Eide Bailly assists in the preparation of multiple cash-to-accrual entries as an approved nonattest service.

**Responsible Individuals:** Kathryn Glackmeyer, Business Manager

**Corrective Action Plan:** It is not cost effective to have an internal control system designed to provide for preparation of the financial statements and accompanying notes. We requested that our auditors, Eide Bailly LLP, prepare the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed with and agree with the adjustments proposed during the audit.

**Anticipated Completion Date:** Ongoing



**Finding 2023-002****Finding Summary:**

The Foundation School Program (FSP) established under the Texas Education Code requires that the District spend 55% of the FSP allotment for direct costs related to compensatory education, special education, bilingual education, career and technology education, and college, career, and military readiness. Additionally, the FSP requires that the District spend 100% of the FSP allotment for direct costs related to students with dyslexia or related disorder programs, and early education programs. For the year ended August 31, 2023, the amount of expenditures recorded to the applicable PIC codes for compensatory education, career and technology, bilingual education, and early education did not meet these mandatory spending requirements.

**Responsible Individuals:**

Kathryn Glackmeyer, Business Manager

**Corrective Action Plan:**

The District will perform a review of all state allotment funding to ensure that budgeted expenditures are sufficient to meet spending requirements. This will include a review of employee salary coding.

**Anticipated Completion Date:** Fiscal year 2024