

**O'DONNELL
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022**

O'DONNELL INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

| | EXHIBIT | PAGE |
|--|----------------|-------------|
| Certificate of Board | | 1 |
| Independent Auditors' Report on Financial Statements | | 2-4 |
| Management's Discussion and Analysis | | 5-13 |
| Basic Financial Statements: | | |
| Government-Wide Financial Statements: | | |
| Statement of Net Position | A-1 | 14 |
| Statement of Activities | B-1 | 15 |
| Governmental Fund Financial Statements: | | |
| Balance Sheet | C-1 | 16 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | C-2 | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | C-3 | 18 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities | C-4 | 19 |
| Fiduciary Fund Financial Statements: | | |
| Statement of Fiduciary Net Position | E-1 | 20 |
| Statement of Changes in Fiduciary Fund Net Position | E-2 | 21 |
| Notes to the Financial Statements | | 22-60 |
| Required Supplementary Information: | | |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund | G-1 | 61 |
| Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas | G-2 | 62 |
| Schedule of District Contributions for Pensions – Teacher Retirement System of Texas | G-3 | 63 |
| Schedule of District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas | G-4 | 64 |
| Schedule of District Contributions for OPEB Liability – Teacher Retirement System of Texas | G-5 | 65 |
| Notes to Required Supplementary Information | | 66 |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

| | EXHIBIT | PAGE |
|--|---------|-------|
| Combining Schedules: | | |
| Nonmajor Governmental Funds: | | |
| Combining Balance Sheet | H-1 | 67-68 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | H-2 | 69-70 |
| Other Funds: | | |
| Combining Statement of Net Position – Custodial Funds | H-3 | 71 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Custodial Funds | H-4 | 72 |
| Combining Statement of Net Position – Private Purpose Trust Funds | H-5 | 73 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds | H-6 | 74 |
| Required Texas Education Agency Schedules: | | |
| Schedule of Delinquent Taxes Receivable | J-1 | 75 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund | J-2 | 76 |
| State Compensatory Education and Bilingual Education Program Expenditures | J-3 | 77 |
| Overall Compliance and Internal Control, and Findings | | |
| Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 78-79 |
| Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance required by The Uniform Guidance | | 80-82 |
| Schedule of Findings and Questioned Costs | | 83 |
| Schedule of Status of Prior Year Findings | | 84 |
| Schedule of Expenditures of Federal Funds | K-1 | 85-86 |
| Notes on Accounting Policies for Federal Awards | | 87 |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
YEAR ENDED AUGUST 31, 2022
CERTIFICATE OF BOARD

O'Donnell Independent School District
Name of School District

Lynn
County

153-903
County-District Number

We, the undersigned, certify that the attached auditors' report of the O'Donnell Independent School District was reviewed and approved ✓ disapproved _____ for the year ended August 31, 2022, at a meeting of the Board of School Trustees of O'Donnell Independent School District on the 19th day of January, 2023.

Trevor Halfmann

Signature of Board Secretary

Mandy Stidham

Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

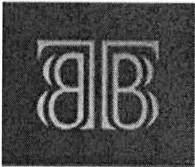
BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542

EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



INDEPENDENT AUDITORS' REPORT

Board of School Trustees
O'Donnell Independent School District
Post Office Box 487
O'Donnell, Texas 79351

Opinions

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

In our opinion, based on our audit, the 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 O'Donnell Independent School District, as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 O'Donnell Independent School 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 presented in the notes to the financial statements in the section Summary of Accounting Policies, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended August 31, 2022. The adoption of this provision did not require a restatement of net position as of August 31, 2021. 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 these 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 O'Donnell Independent School 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.

Auditors' 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 generally accepted 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 generally accepted 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 O'Donnell Independent School 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 O'Donnell Independent School 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 the Management's Discussion and Analysis on pages 5 through 13, the budgetary comparison information for the General Fund and the Teacher Retirement System schedules for pension and other post-employment benefits on pages 61 through 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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, the required Texas Education Agency (TEA) schedules and the Schedule of Expenditures of Federal Awards (SEFA) as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The Combining Nonmajor Fund Financial Statements, the required TEA Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Nonmajor Fund Financial statements 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 have also issued our report dated January 17, 2023, on our consideration of O'Donnell Independent School 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing but not to provide an opinion on the 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 O'Donnell Independent School District's internal control over financial reporting and compliance.



Bennett Bennett & Trice, PLLC
Lamesa, TX

January 17, 2023

O'Donnell Independent School District
Flying Forever Strong . . . Challenging Minds and Building Futures

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of O'Donnell Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2022. Please read it in conjunction with the independent auditors' report, the District's basic financial statements which begin with Exhibit A-1 and the notes to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide a detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities on Exhibits A-1 and B-1. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C, D and E) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements reflect the activity of the cost of the employees' dental care plan, which was closed during the year. The remaining fiduciary statements provide financial information about activities for which the District acts solely as a trustee for holding funds.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Required supplementary information (Exhibits G-1, G-2, G-3, G-4 and G-5) provide the budget analysis for the General Fund and schedules providing detailed information on the District's net pension liability and other post-employment benefits with the Teacher Retirement System of Texas.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by Texas Education Agency (TEA). The sections labeled *Required TEA Schedules* contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position, Exhibit A-1, and the Statement of Activities, Exhibit B-1. Their primary purpose is to show whether the District is in better or worse condition as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health or financial position. Increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance, academic performances, property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we report governmental activities. Most of the District's basic services are reported here, including the instruction, leadership, counseling, cocurricular activities, food services, transportation, maintenance and general administration. Property taxes and state revenues finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements (Exhibits C) provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I Part A - Improving Basic Program from the U.S. Department of Education. The District's administration establishes other funds to help it control and manage money for particular purposes. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

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

Proprietary funds – The District has no proprietary funds.

Reporting the District's Fiduciary Responsibilities

Fiduciary funds - The District is the trustee or fiduciary for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Changes in Fiduciary Fund Net Position (Exhibit E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net position of the District's governmental activities increased by \$349,821, from \$8,699,946 to \$9,049,767 during the year.

The changes in governmental net position was the result of the following factors:

- The District's revenues exceeded the expenditures by \$288,264 (increase).
- The District acquired capital assets and paid long-term principal payments in the amount of \$830,506 (increase).
- The District had long-term borrowing of \$192,550 (decrease)
- The District recorded depreciation and amortization in the amount of \$761,258 (decrease).
- The District required adjustments of \$26,061 (increase) to convert to full accrual accounting.
- There was a \$118,923 (increase) net adjustment for the current year changes due to GASB Statement Number 68 reflecting the District's pension obligation.
- There was a \$39,875 (increase) net adjustment for the current year changes due to GASB Statement Number 75 reflecting the District's post-employment benefit.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, increased by \$307,159 to \$1,308,173.

The District's total revenues increased \$860,281 from the prior year. This change was a result of several factors:

- State equalization funding increased by \$274,433.
- Maintenance and operations and debt service taxes decreased by \$160,173.
- Investment earnings decreased by \$78,531.
- Charges for services decreased by \$15,137.
- State and federal grants increased by \$668,060.
- 313 Agreement revenue increased by \$170,100.
- Various other revenue increased by \$1,529.

Table I
O'DONNELL INDEPENDENT SCHOOL DISTRICT
NET POSITION

| | Governmental Activities 2022 | Governmental Activities 2021 |
|--|------------------------------------|------------------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 4,157,066 | \$ 4,426,021 |
| Other current assets | 768,157 | 204,481 |
| Capital assets | 18,880,370 | 19,316,919 |
| | <u>23,805,593</u> | <u>23,947,421</u> |
| Deferred Outflows of Resources: | | |
| Deferred outflows related to TRS Pension | 434,061 | 468,729 |
| Deferred outflows related to TRS OPEB | 625,882 | 606,980 |
| | <u>1,059,943</u> | <u>1,075,709</u> |
| Liabilities: | | |
| Current liabilities | 312,364 | 297,937 |
| Noncurrent liabilities | 13,459,970 | 14,328,325 |
| | <u>13,772,334</u> | <u>14,626,262</u> |
| Deferred Inflows of Resources: | | |
| Deferred inflows related to bond refunding | 269,062 | 285,879 |
| Deferred inflows related to TRS Pension | 678,814 | 271,170 |
| Deferred inflows related to TRS OPEB | 1,095,829 | 1,139,873 |
| | <u>2,043,705</u> | <u>1,696,922</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 7,204,037 | 7,291,232 |
| Restricted | 537,557 | 407,700 |
| Unrestricted | 1,308,173 | 1,001,014 |
| | <u>\$ 9,049,767</u> | <u>\$ 8,699,946</u> |

Table II
O'DONNELL INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

| | Governmental Activities 2022 | Governmental Activities 2021 |
|--|------------------------------------|------------------------------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for services | \$ 77,064 | \$ 92,201 |
| Operating grants and contributions | 1,484,194 | 784,827 |
| General Revenues: | | |
| Maintenance and operations taxes | 992,365 | 1,014,531 |
| Debt service taxes | 829,212 | 967,219 |
| State aid - formula grants | 3,076,848 | 2,802,415 |
| Grants and contributions not restricted to specific functions | 96,083 | 127,390 |
| Investment earnings | 12,716 | 91,247 |
| 313 Agreements | 222,550 | 52,450 |
| Miscellaneous | 43,049 | 41,520 |
| Total Revenues | \$ 6,834,081 | \$ 5,973,800 |
| Expenses: | | |
| Instruction, curriculum and media services | 2,875,938 | 3,090,722 |
| School leadership | 365,548 | 330,291 |
| Student support services | 334,393 | 287,830 |
| Child nutrition | 289,361 | 266,869 |
| Extracurricular activities | 509,311 | 466,576 |
| General administration | 379,663 | 280,971 |
| Plant maintenance, security and data processing | 1,186,611 | 1,109,081 |
| Community services | 12,495 | 7,819 |
| Interest | 378,068 | 397,041 |
| Bond issue cost and fees | 2,500 | 2,700 |
| Payments to fiscal agent/member districts of SSA | 154,143 | 155,841 |
| Total Expenses | \$ 6,488,031 | \$ 6,395,741 |
| Increase (Decrease) in net position before special items | 346,050 | (421,941) |
| Special items-disposal of assets | 3,771 | 4,500 |
| Change in net position | 349,821 | (417,441) |
| Net position at beginning of year | 8,699,946 | 9,117,387 |
| Net position at end of year | \$ 9,049,767 | \$ 8,699,946 |

The cost of all governmental activities increased by \$92,290 to \$6,488,031. As shown in the Statement of Activities on Exhibit B-1, the amount that our taxpayers ultimately financed through District taxes and State equalization funding and permanent school fund money was \$4,898,425 of which \$4,548,604 was used for expenditures and \$349,821 was added to net position. Other costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants, contributions and equalization funding.

The District's appraised property value for maintenance and operations tax purposes increased by \$4,452,230 from the previous year. \$112,152,640 of the wind turbine projects amount are not taxed for maintenance and operations under a Chapter 313 agreement. This agreement resulted in a reduction in property taxes of \$1,119,732. This reduction is partially offset by direct payments in-lieu of taxes to the District from the subsidized taxpayers of \$62,550 during the year. The overall tax rate decreased to a rate of \$0.9984 for operations and \$0.383 for debt service.

THE DISTRICT'S FUNDS

Fund Balances

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$4,548,321, which is \$228,264 more last year's total of \$4,260,057. The primary reason for the increase in fund balance was revenues exceeded expenditures.

The original budget for 2021-2022 was developed in the spring of 2021 and adopted by the Board in August 2021. Over the course of the year, the Board of Trustees revised the District's budget. There were increases and decreases to various functions in the budget to cover reclassification of expenditures. The largest change in the budget was for facility improvements. The general fund budget was increased \$270,548 in revenues, and \$552,406 in expenditures. The total expenditures were within the final budget and were not over expended in any function.

CAPITAL ASSET AND DEBT ADMINISTRATION

Adoption of New Standard

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

Capital Assets

At the end of August 31, 2022, the District had \$18,880,370 invested in a broad range of capital assets, including facilities for softball and P-Tech renovations. Depreciation and amortization for the year was recorded at \$830,506.

Debt

At the end of the fiscal year, the District had long-term debt outstanding of \$13,459,970. Of this amount, \$10,425,000 is unlimited tax school building bonds guaranteed by the corpus of the State of Texas Permanent School Fund. This amount also includes the unamortized bond premium of \$707,924, finance contract of \$192,550, leases payable of \$65,473, the District's portion of net pension liability of \$544,367, and the District's net OPEB liability of \$1,524,656.

The District entered into a financing agreement to purchase an activity bus. The obligation will be paid for over five years. The proceeds were received, but the bus had not been received at year end, therefore, the proceeds are reflected in Restricted Net Position.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The district's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rate.

- a. During 2021-2022 School Year, the implementation of the compression rates from the legislative session impacted the revenues drawn from the state and local taxes. The new laws minimize the total taxes the district can implement, and the shortfall is lessened by an increase in the state share. The flexibility of setting the M&O tax rate by the school board has been minimized and the state sets the rate through a formula received in June. The M&O tax rate for the 2020-2021 tax rate was set at \$1.0014, in 2021 the rate was set at 0.99840 and in 2022 it was set at 0.9791. The M&O tax rate continues to lower as mandated by legislation. The 2021 tax rate saw a lowering of the appraised values from \$104,394,548 to \$101,571,049. During this year, the mineral values did slightly increase but it was not significant enough to overcome the agricultural values decrease. Appraisals saw a slight decrease between last year and this year in valuation. Even though the appraisals lowered, the M&O tax rate continues to be compressed which will have a reduction in revenue for the 2022-2023 school year. The district at present receives funding for economically disadvantaged students at Tier 3 level in the 2021-2022 school year and this is planned to continue in the 2022-2023 school year. During the 2021-2022 school year, the local property taxes levied were \$1,746,113 and the state share was \$2,584,274. The local M&O collections were \$972,208 for the 2021-2022 school year. It is anticipated, using the figures generated in the template, that the district will see an increase in state aid of for the 2022-2023 school year due to the windmills going on the tax roll because of the dissolution of the tax abatement. The local revenue for the 2022-2023 school year is anticipated to be \$1,813,492 while state aid will be \$2,419,903. This is an increase in local share and a lowering of the state share slightly. The windfarms continue to depreciate as outlined in the long – term financial plan in the 313 Agreement. The district set the I&S tax rate at in 2021 was set at \$0.38 which was a \$50,000 short for paying debt; however, it was planned with the I&S Fund Balance to be used to make the difference in the shortfall. The 2022 I&S tax rate was set at .4578 which will meet the debt service payment. The overall tax rate for the 2021 school year was 1.3784 and the rate for the 2022 school year is 1.4369. This increase is primarily due to debt service payments and the depreciation of the windmills. In evaluation the taxation in the district, the appraised values of homes continue to increase, and this impacts the homeowners significantly and was not deterred by the decrease in taxes up to the 2022 school year.

- b. The district’s refined average enrollment for 2021-2022 was 279 which is up from 271 from the 2020-2021 school year. Longitudinally, the district maintains enrollment from 280 – 290 from the past 7 years. If the district starts experiencing a decline in enrollment, it will negatively impact the funding which will impact the revenue/expenditure ratios in the future.
- c. Budgeted general operating fund comparisons between 2020-2021 and 2021-2022 saw a decrease in expenditures from \$5,137,565 to \$4,560,238. The adopted budget for 2022-2023 is slightly higher at \$4,878,068. Due to the COVID – 19 adjustments and requirements to target remote learning, the budget was not cut drastically and the required additional increase in salaries continues to increase the maintenance and operations budget. Many of the additional expenses have been offset through discretionary and formula grants including TCLAS, ESSER 1, II and III. Both the 2021-2022 and the 2022-2023 are planned to be black budgets meaning the budgets will be fully funded by the revenues. The revenue for the 2021-2022 were established as \$4,561,281 while the revenues for the 2022 – 2023 budget were \$4,909,066 Going forward considering that compression rates will continue and state/federal funding will not bridge the gap while also seeing a possible decline in enrollment, the district will be required to cut personnel and services to augment the decline in funding.
- d. The table below is a longitudinal evaluation of appraisals and tax rates from 2017 – 2022.

M&O - Certified Appraised Values

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------|-------------------|--------------------|---------------------|---------------------|-------------------|
| Terry | Terry | Terry | Terry | Terry | Terry |
| 192,532 | 384,847 | 336,708 | 438,015 | 375,861 | 219,025 |
| Dawson | Dawson | Dawson | Dawson | Dawson | Dawson |
| 18,071,200 | 17,094,890 | 19,645,220 | 27,417,580 | 22,875,775 | 20,358,682 |
| Lynn | Lynn | Lynn | Lynn | Lynn | Lynn |
| 174,523,060 | 78,139,640 | 84,412,620 | 90,765,230 | 89,967,850 | 73,676,669 |
| Total | Total | Total | Total | Total | Total |
| 192,786,792 | 95,619,377 | 104,394,548 | 118,620,825 | 113,218,826 | 94,254,376 |
| Proposed | Proposed | Set Tax | Set Tax | Set Tax | Set Tax |
| Tax Rate: | Tax Rate: | Rate: | Rate: 1.0151 | Rate: 1.0878 | Rate: 1.11 |
| 0.9791 | 0.99840 | 1.00140 | | | |

I&S – Certified Values

| 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Terry | Terry | Terry | Terry | Terry | Terry |
| 192,532 | 384,847 | 336,708 | 438,015 | 375,861 | 219,025 |
| Dawson | Dawson | Dawson | Dawson | Dawson | Dawson |
| 18,071,200 | 17,094,890 | 19,645,220 | 27,417,580 | 22,875,775 | 20,358,682 |
| Lynn | Lynn | Lynn | Lynn | Lynn | Lynn |
| 181,914,730 | 190,292,280 | 235,801,480 | 261,487,870 | 89,967,850 | 73,676,669 |
| Total | Total | Total | Total | Total | Total |
| 200,178,462 | 207,772,017 | 255,783,408 | 289,343,465 | 309,794,876 | 321,633,616 |
| Proposed | Set Tax | Set Tax | Set Tax | Set Tax | Set Tax |
| Tax Rate: | Rate: 0.38 | Rate: 0.38 | Rate: 0.40 | Rate: 0.35 | Rate:0.38 |
| 0.4578 | | | | | |

- e. The district is expected to remain Chapter 42 but with the solar farm abatement agreement, the property values could possibly be increased and become Chapter 49 with a very small margin. The district approved an application from Trex US Green Holly LLC for solar farms which may impact the 42 status 2021-2022 school year. This agreement will significantly impact the I&S tax rate that year because the solar farms will be fully taxable for I&S. At the time of this reporting the Solar farms have not begun production.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, employees and creditors with a general overview of the District's finances and to show 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 business office at O'Donnell Independent School District, Post Office Box 487, O'Donnell, Texas 79351.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

Notes to the Financial Statements

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT A-1

| Data Control Codes | Primary Government Governmental Activities |
|---|--|
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 4,157,066 |
| 1220 Property Taxes - Delinquent | 114,335 |
| 1230 Allowance for Uncollectible Taxes | (33,203) |
| 1240 Due from Other Governments | 684,525 |
| 1290 Other Receivables, Net | 2,500 |
| Capital Assets: | |
| 1510 Land | 48,174 |
| 1520 Buildings, Net | 17,465,209 |
| 1530 Furniture and Equipment, Net | 836,052 |
| 1550 Right-to-Use Leased Assets, Net | 64,739 |
| 1580 Construction in Progress | 466,466 |
| 1000 Total Assets | 23,805,863 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1705 Deferred Outflow Related to TRS Pension | 434,061 |
| 1706 Deferred Outflow Related to TRS OPEB | 625,882 |
| 1700 Total Deferred Outflows of Resources | 1,059,943 |
| LIABILITIES | |
| 2110 Accounts Payable | 121,966 |
| 2140 Interest Payable | 16,594 |
| 2160 Accrued Wages Payable | 173,804 |
| Noncurrent Liabilities: | |
| 2501 Due Within One Year: Loans, Note, Leases, etc. | 637,861 |
| Due in More than One Year: | |
| 2502 Bonds, Notes, Loans, Leases, etc. | 10,753,086 |
| 2540 Net Pension Liability (District's Share) | 544,367 |
| 2545 Net OPEB Liability (District's Share) | 1,524,656 |
| 2000 Total Liabilities | 13,772,334 |
| DEFERRED INFLOWS OF RESOURCES | |
| 2603 Deferred Resource Inflow #3 | 269,062 |
| 2605 Deferred Inflow Related to TRS Pension | 678,814 |
| 2606 Deferred Inflow Related to TRS OPEB | 1,095,829 |
| 2600 Total Deferred Inflows of Resources | 2,043,705 |
| NET POSITION | |
| 3200 Net Investment in Capital Assets and Right-to-Use Lease Assets | 7,204,037 |
| Restricted: | |
| 3850 Restricted for Debt Service | 345,757 |
| 3890 Restricted for Other Purposes | 191,800 |
| 3900 Unrestricted | 1,308,173 |
| 3000 Total Net Position | \$ 9,049,767 |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | 1 | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|----------------------------|--|-------------------------|--|--|-----------------------|
| | | 3 | 4 | 6 | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Gov. Governmental Activities | |
| Primary Government: | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| 11 | Instruction | \$ 2,832,717 | \$ 545 | \$ 911,659 | \$ (1,920,513) |
| 12 | Instructional Resources and Media Services | 9,487 | - | 304 | (9,183) |
| 13 | Curriculum and Instructional Staff Development | 33,734 | - | 28,598 | (5,136) |
| 21 | Instructional Leadership | 63,908 | - | 9,341 | (54,567) |
| 23 | School Leadership | 301,640 | - | 30,965 | (270,675) |
| 31 | Guidance, Counseling, and Evaluation Services | 79,468 | - | 4,259 | (75,209) |
| 33 | Health Services | 101,631 | - | 37,542 | (64,089) |
| 34 | Student (Pupil) Transportation | 153,294 | - | (1,399) | (154,693) |
| 35 | Food Services | 289,361 | 11,458 | 296,233 | 18,330 |
| 36 | Extracurricular Activities | 509,311 | 13,266 | 16,517 | (479,528) |
| 41 | General Administration | 379,663 | - | 29,015 | (350,648) |
| 51 | Facilities Maintenance and Operations | 860,612 | 51,782 | 26,166 | (782,664) |
| 52 | Security and Monitoring Services | 20,363 | - | 17,040 | (3,323) |
| 53 | Data Processing Services | 305,636 | - | 40,390 | (265,246) |
| 61 | Community Services | 12,495 | 13 | 2,992 | (9,490) |
| 72 | Debt Service - Interest on Long-Term Debt | 378,068 | - | - | (378,068) |
| 73 | Debt Service - Bond Issuance Cost and Fees | 2,500 | - | - | (2,500) |
| 81 | Capital Outlay | - | - | 34,572 | 34,572 |
| 93 | Payments Related to Shared Services Arrangements | 117,612 | - | - | (117,612) |
| 99 | Other Intergovernmental Charges | 36,531 | - | - | (36,531) |
| | [TP] TOTAL PRIMARY GOVERNMENT: | \$ 6,488,031 | \$ 77,064 | \$ 1,484,194 | \$ (4,926,773) |

| Data Control Codes | General Revenues: | |
|--------------------------|--|--------------|
| | Taxes: | |
| MT | Property Taxes, Levied for General Purposes | 992,365 |
| DT | Property Taxes, Levied for Debt Service | 829,212 |
| SF | State Aid - Formula Grants | 3,076,848 |
| GC | Grants and Contributions not Restricted | 96,083 |
| IE | Investment Earnings | 12,716 |
| MI | Miscellaneous Local and Intermediate Revenue | 265,599 |
| S1 | Special Item - Disposal of Assets | 3,771 |
| TR | Total General Revenues and Special Items | 5,276,594 |
| CN | Change in Net Position | 349,821 |
| NB | Net Position - Beginning | 8,699,946 |
| NE | Net Position - Ending | \$ 9,049,767 |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | Other Funds | Total Governmental Funds |
|--|-----------------------|----------------------------|-------------------|--------------------------------|
| ASSETS | | | | |
| 1110 Cash and Cash Equivalents | \$ 3,866,592 | \$ 285,723 | \$ 4,751 | \$ 4,157,066 |
| 1220 Property Taxes - Delinquent | 83,589 | 30,746 | - | 114,335 |
| 1230 Allowance for Uncollectible Taxes | (25,263) | (7,940) | - | (33,203) |
| 1240 Due from Other Governments | 247,989 | 1,436 | 435,100 | 684,525 |
| 1260 Due from Other Funds | 359,471 | - | - | 359,471 |
| 1290 Other Receivables | 2,500 | - | - | 2,500 |
| 1000 Total Assets | <u>\$ 4,534,878</u> | <u>\$ 309,965</u> | <u>\$ 439,851</u> | <u>\$ 5,284,694</u> |
| LIABILITIES | | | | |
| 2110 Accounts Payable | \$ 119,863 | \$ - | \$ 2,103 | \$ 121,966 |
| 2160 Accrued Wages Payable | 95,527 | - | 78,277 | 173,804 |
| 2170 Due to Other Funds | - | - | 359,471 | 359,471 |
| 2000 Total Liabilities | <u>215,390</u> | <u>-</u> | <u>439,851</u> | <u>655,241</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| 2601 Unavailable Revenue - Property Taxes | 58,326 | 22,806 | - | 81,132 |
| 2600 Total Deferred Inflows of Resources | <u>58,326</u> | <u>22,806</u> | <u>-</u> | <u>81,132</u> |
| FUND BALANCES | | | | |
| Restricted Fund Balance: | | | | |
| 3480 Retirement of Long-Term Debt | - | 287,159 | - | 287,159 |
| Assigned Fund Balance: | | | | |
| 3550 Construction | 2,000,000 | - | - | 2,000,000 |
| 3570 Capital Expenditures for Equipment | 191,800 | - | - | 191,800 |
| 3600 Unassigned Fund Balance | 2,069,362 | - | - | 2,069,362 |
| 3000 Total Fund Balances | <u>4,261,162</u> | <u>287,159</u> | <u>-</u> | <u>4,548,321</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 4,534,878</u> | <u>\$ 309,965</u> | <u>\$ 439,851</u> | <u>\$ 5,284,694</u> |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT C-2

| | | |
|---|-----------|------------------|
| Total Fund Balances - Governmental Funds | \$ | 4,548,321 |
| 1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$27,266,717 and the accumulated depreciation was \$7,949,798. In addition, long-term liabilities, including bonds payable of \$10,996,000 and bond premiums of \$725,138 are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. | | 7,595,781 |
| 2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays of \$245,375 debt principal payments of \$585,131 is to increase net position. | | 830,506 |
| 3 Governmental funds report debt proceeds 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 reclassifying debt proceeds of \$192,550 to liabilities decreases net position. | | (192,550) |
| 4 Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Recording the beginning balance on refunding of \$285,879, current amortization of bond premium of \$17,214 and current year amortization of gain on bond refunding of \$16,817 results in a decrease in net position. | | (251,848) |
| 5 Accrued interest on bonds payable of \$16,594 decreases net position. | | (16,594) |
| 6 The 2022 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. | | (761,258) |
| 7 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liabilities required by GASB 68 in the amount of \$544,367, a deferred resource inflow related to TRS in the amount of \$678,814 and a deferred resource outflow related to TRS in the amount of \$434,061. The net effect is to decrease net position. | | (789,120) |
| 8 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75 in the amount of \$1,524,656, a deferred resource inflow related to OPEB in the amount of \$1,095,829, and a deferred resource outflow related to OPEB in the amount of \$625,882. The net effect decreased net position. | | (1,994,603) |
| 9 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications is to increase net position. | | 81,132 |
| 19 Net Position of Governmental Activities | \$ | 9,049,767 |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | Other Funds | Total Governmental Funds |
|--|-----------------------|----------------------------|------------------|--------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 1,320,746 | \$ 832,225 | \$ 7,500 | \$ 2,160,471 |
| 5800 State Program Revenues | 3,331,964 | 8,786 | 111,960 | 3,452,710 |
| 5900 Federal Program Revenues | 321,907 | - | 1,138,137 | 1,460,044 |
| 5020 Total Revenues | <u>4,974,617</u> | <u>841,011</u> | <u>1,257,597</u> | <u>7,073,225</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 1,722,139 | - | 948,172 | 2,670,311 |
| 0012 Instructional Resources and Media Services | 2,254 | - | 304 | 2,558 |
| 0013 Curriculum and Instructional Staff Development | 5,136 | - | 28,598 | 33,734 |
| 0021 Instructional Leadership | 61,340 | - | 10,304 | 71,644 |
| 0023 School Leadership | 287,022 | - | 37,149 | 324,171 |
| 0031 Guidance, Counseling, and Evaluation Services | 82,457 | - | 6,261 | 88,718 |
| 0033 Health Services | 72,068 | - | 39,342 | 111,410 |
| 0034 Student (Pupil) Transportation | 122,848 | - | 326 | 123,174 |
| 0035 Food Services | 269,653 | - | 1,248 | 270,901 |
| 0036 Extracurricular Activities | 426,933 | - | 20,524 | 447,457 |
| 0041 General Administration | 344,035 | - | 32,033 | 376,068 |
| 0051 Facilities Maintenance and Operations | 706,503 | - | 32,273 | 738,776 |
| 0052 Security and Monitoring Services | 3,323 | - | 17,040 | 20,363 |
| 0053 Data Processing Services | 289,881 | - | 46,459 | 336,340 |
| 0061 Community Services | 9,503 | - | 2,992 | 12,495 |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Liabilities | - | 571,000 | - | 571,000 |
| 0072 Interest on Long-Term Liabilities | - | 380,144 | - | 380,144 |
| 0073 Bond Issuance Cost and Fees | - | 2,500 | - | 2,500 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 210,803 | - | 34,572 | 245,375 |
| Intergovernmental: | | | | |
| 0093 Payments to Fiscal Agent/Member Districts of SSA | 117,612 | - | - | 117,612 |
| 0099 Other Intergovernmental Charges | 36,531 | - | - | 36,531 |
| 6030 Total Expenditures | <u>4,770,041</u> | <u>953,644</u> | <u>1,257,597</u> | <u>6,981,282</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>204,576</u> | <u>(112,633)</u> | <u>-</u> | <u>91,943</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 Sale of Real and Personal Property | 3,771 | - | - | 3,771 |
| 7914 Non-Current Loans | 192,550 | - | - | 192,550 |
| 7080 Total Other Financing Sources (Uses) | <u>196,321</u> | <u>-</u> | <u>-</u> | <u>196,321</u> |
| 1200 Net Change in Fund Balances | 400,897 | (112,633) | - | 288,264 |
| 0100 Fund Balance - September 1 (Beginning) | <u>3,860,265</u> | <u>399,792</u> | <u>-</u> | <u>4,260,057</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 4,261,162</u> | <u>\$ 287,159</u> | <u>\$ -</u> | <u>\$ 4,548,321</u> |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

| | | |
|---|-----------|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 288,264 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays of \$245,376 and debt principal payments of \$585,13 increased the change in net position. | | 830,506 |
| Depreciation and amortization are not recognized as expenses in governmental funds since they do not require the use of current financial resources. The net effect of the decrease changes net position. | | (761,258) |
| Governmental funds report debt proceeds 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 reclassifying debt proceeds of \$192,550 to liabilities changes net position. | | (192,550) |
| Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. Current amortization of bond premium of \$17,214 and current year amortization of gain on bond refunding of \$16,817 increased the change in net position. | | 34,031 |
| 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 paid. The current year change in the accrued interest is a increase of \$2,076 increasing the change in net position. | | 2,076 |
| Current year changes due to GASB 68 decreased revenues in the amount of \$145,533 but also decreased expenditures in the amount of \$264,456. The net effect increased the change in net position. | | 118,923 |
| Current year changes due to GASB 75 decreased revenues in the amount of \$117,596 but also decreased expenditures in the amount of \$157,471. The net effect increased the change in net position. | | 39,875 |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy. The net effect of these reclassifications and recognitions decreased the change in net position. | | (10,046) |
| Change in Net Position of Governmental Activities | \$ | 349,821 |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

| | Private Purpose Trust Funds | Custodial Fund |
|-----------------------------------|-----------------------------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 6,664 | \$ 37,240 |
| Total Assets | <u>6,664</u> | <u>\$ 37,240</u> |
| LIABILITIES | | |
| Accounts Payable | - | 3,245 |
| Total Liabilities | <u>-</u> | <u>3,245</u> |
| NET POSITION | | |
| Restricted for Student Activities | - | 32,128 |
| Restricted for Scholarships | 6,664 | - |
| Restricted for Other Purposes | - | 1,867 |
| Total Net Position | <u>\$ 6,664</u> | <u>\$ 33,995</u> |

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

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

| | Private Purpose Trust Funds | Custodial Fund |
|--|-----------------------------------|-------------------|
| ADDITIONS: | | |
| Contributions, Gifts and Donations | \$ 5,030 | \$ - |
| Miscellaneous Revenue - Alumni | - | 1,455 |
| Miscellaneous Revenue - Student Activities | - | 84,981 |
| Earnings from Temporary Deposits | 24 | 151 |
| Total Additions | <u>5,054</u> | <u>86,587</u> |
| DEDUCTIONS: | | |
| Scholarships Awarded | 2,500 | - |
| Supplies and Materials | - | 88,629 |
| Total Deductions | <u>2,500</u> | <u>88,629</u> |
| Change in Fiduciary Net Position | 2,554 | (2,042) |
| Total Net Position - September 1 (Beginning) | <u>4,110</u> | <u>36,037</u> |
| Total Net Position - August 31 (Ending) | <u>\$ 6,664</u> | <u>\$ 33,995</u> |

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O'Donnell Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 76, applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accounting and Reporting (FAR) guide and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, is elected by the public and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

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

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the O'Donnell Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bond issue costs are expensed when incurred, in accordance with GASB Statements No. 63 and 65.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

FUND FINANCIAL STATEMENTS

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due. The District considers all revenues available if they are collectible within 60 days after year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

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

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

GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

General Fund — The General Fund is the District's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and undesignated fund balances are considered resources available for current operations.

Debt Service Funds — The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a Debt Service Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

Governmental Funds:

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

Fiduciary Funds:

Private Purpose Trust Funds — Previously, the District's multiple individual private purpose trust funds had been either dormant or low-balanced for several years. As of September 1, 2021, the District began accounting for donations for purposes that benefit parties outside the District in the O'Donnell ISD General Scholarship Fund. This scholarship is funded primarily by the Lynn County Tahoka Wind Scholarship. The other private purpose trust fund is Taking Flight. This scholarship is funded by the faculty and staff of the District.

Custodial Funds — The District accounts for activities of student groups in these funds. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

C. OTHER ACCOUNTING POLICIES

Cash Equivalents — For purposes of the statement of cash flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they mature in three months or less when purchased.

Consumable Materials and Supplies — The District reports disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Inventories of such items, therefore, are not included in the balance sheet. Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures when received, and revenue is recognized for an equal amount.

Due From (To) Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, E for additional discussion of interfund receivables and payables.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 30 |
| Building Improvements | 20 |
| Vehicles | 5-8 |
| Computer Equipment | 5 |
| Other Equipment | 5-10 |

Land is not depreciated.

Long-Term Debt — In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activity. Bond premiums, but not issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize payment of debt as an expenditure during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases — The District implemented GASB Statement No. 87 (GASB 87) for reporting leases during this reporting period. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. The District did not have any

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Vacation and Sick Leave — Vacations are to be taken within the same year they are earned, and unused days at the end of the year are forfeited. Therefore, no liability has been accrued for vacation days. Employees of the District are entitled to state and local sick leave. The state sick leave is allowed to be accumulated but does not vest. The local sick leave is not allowed to be accumulated. Therefore, a liability for unused sick leave has not been recorded in the accompanying General Purpose Fund Financial Statements.

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' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. On the government-wide statements these taxes are included in revenue; therefore, they are not reported in this category on the government-wide statement of net position.

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. There are no restrictions on the assets of the General Fund.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Net Position and Fund Balance —

Government-Wide Financial Statements:

Net Investment in Capital Assets — The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Debt Service — The component of net position that is restricted for use in repayment of long-term obligation debt of the District.

Unrestricted — The difference between the assets with deferred outflows of resources and liabilities with deferred inflows of resources that is not reported in Net Investment in Capital Assets, Restricted for Debt Service and Restricted for Other Purposes.

Governmental Fund Financial Statements:

The District has used the following classifications for fund balance:

Nonspendable Fund Balance — amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balance.

Restricted Fund Balance — that fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, laws and regulations of other governments or enabling legislation.

Committed Fund Balance — that portion of fund balance that can be used only for specific purposes pursuant to constraints imposed by formal Board action no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner. The District has no committed fund balance.

Assigned Fund Balance — that portion of fund balance that is constrained by the District's intent to be used for specific purposes but is neither restricted nor committed. Such intent is expressed by the Board or its designated official. Constraints imposed on the use of assigned amounts can be removed without formal Board action. The District has \$2,000,000 assigned for construction.

Unassigned Fund Balance — that portion of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund. It represents that portion that is available for budgeting future operations.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. The assets of the Debt Service Fund are restricted for use in repayment of long-term obligations. There are no restrictions on the assets of the General Fund.

Encumbrance Accounting — The District employs encumbrance accounting for goods or purchased services documented by purchase orders and contracts. An encumbrance represents an appropriation related to unperformed contracts for goods and services but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

Management's Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

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

Implementation of GASB Statement No. 87 — As of September 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. There is no effect of the implementation of this standard on beginning net position as all leases of the District were new contracts beginning after September 1, 2021.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

| <u>Capital Assets Beginning of the Year</u> | <u>Historic Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Value Beginning of the Year</u> | <u>Change in Net Position</u> |
|---|----------------------|---------------------------------|--|-------------------------------|
| Land | \$ 48,174 | \$ - | \$ 48,174 | |
| Buildings and Improvements | 24,282,749 | (6,305,362) | 17,977,387 | |
| Furniture and Equipment | 2,647,068 | (1,644,436) | 1,002,632 | |
| Construction in Process | 288,726 | - | 288,726 | |
| Change in Net Position | | | | \$ 19,316,919 |
| | | | | |
| <u>Long-Term Liabilities Beginning of the Year</u> | | | <u>Payable Beginning of the Year</u> | |
| Unlimited Tax School School Building Bonds - Series 2014A | | | \$ 2,621,000 | |
| Unlimited Tax School School Building Bonds - Series 2015 | | | 1,555,000 | |
| Unlimited Tax School Refunding Bonds - Series 2017 | | | 6,820,000 | |
| Bond Issuance Premiums | | | 725,138 | |
| Change in Net Position | | | | 11,721,138 |
| Net Adjustment to Net Position | | | | <u>\$ 7,595,781</u> |

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibits C-2 and C-4 provide reconciliation between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Changes in Net Position of Governmental Activities as reported on the Government-Wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS — CONTINUED

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES — CONTINUED

| | <u>Amount</u> | <u>Exhibit C-2 Adjustments to Net Position</u> | <u>Exhibit C-4 Adjustments to Changes in Net Position</u> |
|------------------------------------|-------------------|--|---|
| <u>Current Year Capital Outlay</u> | | | |
| Buildings | \$ 67,635 | | |
| Construction in Process | <u>177,740</u> | | |
| Total Capital Outlay | <u>\$ 245,375</u> | \$ 245,375 | \$ 245,375 |
| <u>Debt Principal Payments</u> | | | |
| Bond principal payments | 571,000 | | |
| Right to use asset payments | <u>14,131</u> | | |
| Total Principal Payments | <u>\$ 585,131</u> | <u>585,131</u> | <u>585,131</u> |
| Total Adjustment to Net Position | | <u>\$ 830,506</u> | <u>\$ 830,506</u> |

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

| | <u>Amount</u> | <u>Exhibit C-2 Adjustments to Net Position</u> | <u>Exhibit C-4 Adjustments to Changes in Net Position</u> |
|--|---------------|--|---|
| <u>Adjustments to Revenue and Deferred Revenue</u> | | | |
| Taxes Collected from Prior Year Levies | \$ 34,327 | \$ - | \$ (34,327) |
| Uncollected Taxes (assumed collectible) from Current Year Levy | \$ 27,383 | 27,383 | 27,383 |
| Uncollected Taxes (assumed collectible) from Prior Year Levy | \$ 53,749 | 53,749 | |
| Change in Estimate of Deferred Tax Revenue at Beginning of Year | \$ 3,102 | | (3,102) |
| Total | | <u>\$ 81,132</u> | <u>\$ (10,046)</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the General Fund). There are no legal requirements for funds to be budgeted in the Capital Projects Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the Debt Service Fund budget report appears in Exhibit J-2.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end. Budget amendments were necessary during the year. The amendments during the year increased the total General Fund budget \$552,406. The majority of this increase due to budgeting for facilities acquisition and construction. The balance of the increases was throughout various functions for operating expenditures and increased overall as additional local funding was received.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end. There were not any fund balances for either appropriated budget or no appropriated budget special revenue funds at year end.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities and (9) bid solicitation preferences for certificates of deposit. Statutes and local investment policies authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) fully collateralized repurchase agreements, (4) securities lending programs, (5) bankers' acceptances, (6) commercial paper, (7) no-load money market mutual funds, (8) no-load mutual funds, (9) guaranteed investment contracts and (10) public investment pools.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. This policy is reviewed on an annual basis and addresses the following risks:

Custodial Credit Risk for Deposits (cash, certificates of deposit and interest-bearing savings accounts) — The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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) insurance.

The District's depository is Lamesa National Bank. At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$4,200,971 and the bank balance was \$4,256,037.

The District's largest balance was \$4,852,543 which occurred in October 2021, and the value of collateral pledged and FDIC insurance was \$19,819,000. The funds were fully secured during the fiscal year and were fully secured as of August 31, 2022.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS — CONTINUED

Interest Rate Risk — Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District invests in interest bearing checking accounts and money market accounts to limit the interest rate risk.

Credit Risk — To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District invests in interest bearing checking accounts and money market accounts.

Concentration of Credit Risk — The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer (other than interest bearing checking accounts and money market accounts) that represent 5% or more of the total District investments.

A summary of the District's cash and cash equivalents at August 31, 2022, are shown below:

| | Cash | Bank Deposits | Total |
|--------------------|-------|---------------|--------------|
| General Fund | \$ 50 | \$ 3,866,542 | \$ 3,866,592 |
| Debt Service Fund | - | 285,723 | 285,723 |
| Special Revenue | - | 4,751 | 4,751 |
| Total Governmental | 50 | 4,157,016 | 4,157,066 |
| Fiduciary | - | 43,905 | 43,905 |
| Total | \$ 50 | \$ 4,200,921 | \$ 4,200,971 |

The District invested in interest bearing checking accounts and money market accounts all with an interest rate of 0.3% as of August 31, 2022. Only debt services are invested in a savings account earning 0.05% as of August 31, 2022.

B. PROPERTY TAXES

Property taxes 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 February 1 of the year following the levy date. The certified assessed taxable value of the property tax roll for maintenance and operations taxes on July 21, 2021, upon which the levy for the 2021-2022 fiscal year was based, was \$95,619,377. The roll was subsequently increased to a year-end value of \$101,310,570. The values for debt service taxes were \$207,772,017 and \$213,463,210, respectively. The debt service values included additional values of \$112,152,640 for wind farms that were operating within Chapter 313 agreements. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

B. PROPERTY TAXES — CONTINUED

The tax rate assessed for the year ended August 31, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt was \$.9984 and \$0.383 per \$100 valuation, respectively, for a total of \$1.3814 per \$100 valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The District is prohibited from writing off real property taxes until they have been delinquent for twenty years. As of August 31, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$58,326 and \$22,806 for the General and Debt Service Funds, respectively.

C. CHAPTER 313 — VALUE LIMITATION AND TAX AGREEMENTS

On November 14, 2011, the O'Donnell Independent School District and Wind Tex Energy – Stephens LLC agreed to limitations of \$10,000,000 on appraised value of property for school district maintenance and operations taxes for the purpose of a renewable energy electric generation project pursuant to Chapter 313 of the Texas Tax Code. The company rights in this agreement were later assigned to Stephens Ranch Wind Energy LLC, Stephens Ranch Wind Energy II LLC and Cirrus Wind 1 LLC.

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

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreement and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

C. CHAPTER 313 TAX ABATEMENT AGREEMENT — CONTINUED

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

The district has entered into three 313 agreements in various stages of completion.

Wind Tex Energy – Stephens LLC

The agreement was for Wind Tex Energy LLC to invest capital of \$224,966,000 on a long-term basis for a valuation limitation of \$10,000,000. For fiscal year 2022, which is year 10 of the agreement, with the Maintenance and Operations tax rate of \$0.9984 per \$100, with property valued at \$122,152,640 without considering the limit and \$10,000,000 with the limit. When calculated, the district foregoes collecting \$1,119,732 in tax revenue – however, that is offset by payment in lieu of taxes totaling \$62,550.

Trex US Red Holly, LLC

This agreement is for TREX US Red Holly, LLC to invest capital of \$235,000,000 in a solar farm, with a basis limitation of \$30,000,000. For fiscal year 2022, the project is still in the preliminary stage. In fiscal year 2023, the project is anticipated to be complete. A payment in lieu of taxes of \$80,000 was received.

TREX US Green Holly, LLC

This agreement is for TREX US Green Holly, LLC to invest capital of \$340,000,000 in a solar farm, with a basis limitation of \$30,000,000. For fiscal year 2022, the project is still in the preliminary stage. In fiscal year 2023, the project is anticipated to be complete. A payment in lieu of taxes of \$80,000 was received.

D. DISAGGREGATION OF DUE TO/ 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 through the State School Foundation and Per Capita Programs. Amounts due from or to federal and state governments as of August 31, 2021, are summarized below. All federal grants shown below are passed through the Texas Education Agency and are reported on the combined financial statements as Due from Other Governments.

| | General Fund | Debt Service Fund | Special Revenue Funds | Total |
|---------------------------------------|-------------------|-------------------------|-----------------------------|-------------------|
| Due to State Entitlements | \$ 235,644 | \$ 1,436 | \$ - | \$ 237,080 |
| Due to Federal Grants | 12,345 | - | 435,100 | 447,445 |
| Total Due (to) from Other Governments | <u>\$ 247,989</u> | <u>\$ 1,436</u> | <u>\$ 435,100</u> | <u>\$ 684,525</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

E. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2022, consisted of the following individual fund balances:

| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
|-----------------------------|---------------------------------|-------------------------------|
| General Fund: | | |
| Special Revenue Funds | \$ 359,471 | \$ - |
| Total General Fund | 359,471 | - |
| Special Revenue Funds: | | |
| General Fund | - | 359,471 |
| Total Special Revenue Funds | - | 359,471 |
| Total All Funds | \$ 359,471 | \$ 359,471 |

The District did not clear the interfund payables and receivables at year-end. The amounts represent short-term borrowings between funds for operating expenses.

There were no transfers between funds in the current year.

F. DEFERRED INFLOWS OF RESOURCES — GOVERNMENTAL FUNDS

Deferred inflows of resources in the fund statements at year-end consisted of the following:

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|-------------------------|----------------------------------|--------------|
| Property Taxes - Delinquent | \$ 83,589 | \$ 30,746 | \$ 114,335 |
| Less: Allowance for Uncollectible Taxes | (25,263) | (7,940) | (33,203) |
| Total Deferred Inflows of Resources | \$ 58,326 | \$ 22,806 | \$ 81,132 |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

G. CAPITAL ASSET ACTIVITY

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

| | Primary Government | | | Ending Balance |
|--|----------------------|---------------------|-----------------------------|----------------------|
| | Beginning Balance | Additions | Retirements/ Adjustments | |
| Governmental Activities: | | | | |
| Capital Assets | | | | |
| Land | \$ 48,174 | \$ - | \$ - | \$ 48,174 |
| Buildings and Improvements | 24,282,749 | 67,635 | - | 24,350,384 |
| Furniture and Equipment | 2,647,068 | - | (90,527) | 2,556,541 |
| Construction in Process | 288,726 | 177,740 | - | 466,466 |
| Totals at Historic Cost | <u>\$ 27,266,717</u> | <u>\$ 245,375</u> | <u>\$ (90,527)</u> | <u>\$ 27,421,565</u> |
| | | | | |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (6,305,362) | (579,813) | | (6,885,175) |
| Furniture and Equipment | (1,644,436) | (166,580) | 90,527 | (1,720,489) |
| Total Accumulated Depreciation | <u>(7,949,798)</u> | <u>(746,393)</u> | <u>90,527</u> | <u>(8,605,664)</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 19,316,919</u> | <u>\$ (501,018)</u> | <u>\$ -</u> | <u>\$ 18,815,901</u> |
| | | | | |
| Right-to-use Leased Assets | | | | |
| Furniture and Equipment | - | 79,604 | - | 79,604 |
| | - | 79,604 | - | 79,604 |
| Less Accumulated Amortization for: | | | | |
| Furniture and Equipment | - | (14,865) | - | (14,865) |
| | - | (14,865) | - | (14,865) |
| Right-to-use Leased Assets, Net | - | 64,739 | - | 64,739 |
| Total Capital Assets, Net | <u>\$ 19,316,919</u> | <u>\$ (436,279)</u> | <u>\$ -</u> | <u>\$ 18,880,640</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

G. CAPITAL ASSET ACTIVITY — CONTINUED

Depreciation expense was charged to governmental functions as follows:

| | |
|--|-------------------|
| Instruction | \$ 408,624 |
| Instructional Resources and Media Services | 6,960 |
| School Leadership | 9,877 |
| Health Services | 748 |
| Student (Pupil) Transportation | 36,854 |
| Food Services | 36,134 |
| Extracurricular Activities | 79,055 |
| Administration | 19,493 |
| Facilities Maintenance and Operations | 148,648 |
| Total Depreciation Expense | <u>\$ 746,393</u> |

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

| | |
|----------------------------|------------------|
| Instruction | \$ 4,760 |
| Extracurricular Activities | 6,051 |
| Administration | 4,054 |
| Total Amortization Expense | <u>\$ 14,865</u> |

H. LONG-TERM LIABILITIES

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

An election was held within the District on May 10, 2014, at which the District's voters authorized the issuance of up to \$16,000,000 in unlimited tax bonds for the purpose of constructing and equipping of a new high school with a competition gymnasium and a career and technology facility; construction and equipment of a new elementary school kitchen; electrical upgrades and renovations to classrooms and the commons area at the existing high school; and the purchase of new school buses, with any surplus funds to be used for the additional construction, acquisition, renovation, demolition, improvement and equipment of school buildings of the District and pay the costs associated with issuance of the bonds.

On August 15, 2014, the District issued \$8,485,000, Unlimited Tax School Building Bonds, Series 2014, which were sold on the open market. \$5,000,000 Unlimited Tax School Building Bonds, Series 2014A, was sold to a financial institution via a private bank placement on August 25, 2014. The Series 2014 bonds were redeemed with proceeds from the 2017 refunding bond.

\$5,000,000 Unlimited Tax School Building Bonds, Series 2014A

These bonds require annual principal payments ranging from \$293,000 to \$408,000. Principal payments began on February 15, 2015, and the final payment is due February 15, 2028. The interest rate on the annual installments is 2.29%. These bonds are term bonds maturing on February 15, 2028, callable in whole or in part on any date beginning February 15, 2016, at par value, plus accrued interest to the date of redemption.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

H. LONG-TERM LIABILITIES — CONTINUED

\$1,900,000 Unlimited Tax School Building Bonds, Series 2015

These bonds require annual principal payments ranging from \$60,000 to \$115,000. Principal payments began on February 15, 2016, and the final payment is due February 15, 2040. Interest rates on the annual installments ranged from 2.00% to 4.00%. These bonds, having stated maturities on and after February 15, 2026, are subject to redemption, at the option of the District, in whole or part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value plus accrued interest to the date of redemption.

\$7,295,000 Unlimited Tax Refunding, Series 2017

On January 15, 2017, the District issued Unlimited Tax Refunding Bonds, Series 2017, in the amount of \$7,925,000 to refund a portion of the \$8,485,000 Unlimited Tax School Building Bond, Series 2014. This bond consists of \$7,115,000 in serial bonds and \$810,000 in term bonds. The interest rate on the annual installments is 4.0%. Principal payments began on August 15, 2017, and the final payment is due on February 15, 2039. These bonds, maturing on or after February 15, 2029, are subject to optional redemption, in whole or par on February 15, 2026, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption.

There are limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2022.

Financing Contract

As of June 22, 2022, the District was issued a finance contract in the amount of \$192,550 to purchase an activity bus. The contract has a rate of 3.844%. Payments are due annually beginning on July 1, 2023 and matures in July 1, 2026.

Debt Service Requirements – Long-term Liabilities

As of August 31, 2022, debt service requirements for the principal and interest for the debt obligation are as follows:

| Year Ending August 31 | Bond Obligations | | Finance Contract | | Total Requirements |
|--------------------------|----------------------|---------------------|-------------------|------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 534,000 | \$ 365,101 | \$ 45,308 | \$ 7,594 | \$ 952,003 |
| 2024 | 508,000 | 351,500 | 47,242 | 5,660 | 912,402 |
| 2025 | 486,000 | 339,041 | 49,057 | 3,844 | 877,942 |
| 2026 | 495,000 | 326,826 | 50,943 | 1,958 | 874,727 |
| 2027 | 509,000 | 314,167 | | | 823,167 |
| 2028-2032 | 2,768,000 | 1,307,676 | | | 4,075,676 |
| 2033-2037 | 3,430,000 | 693,000 | | | 4,123,000 |
| 2038-2040 | 1,695,000 | 75,300 | | | 1,770,300 |
| | <u>\$ 10,425,000</u> | <u>\$ 3,772,611</u> | <u>\$ 192,550</u> | <u>\$ 19,056</u> | <u>\$ 14,409,217</u> |

There was \$380,145 of interest paid on Bond obligations during the current year. There was not any interest paid on the Finance Contract during the year.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. RIGHT-TO-USE LEASES

Postage Meter

As of August 31, 2022, the District has recognized a right-to-use asset of \$8,361.62 and a lease liability of \$8,361.62 related to this agreement for a Pitney Bowes postage meter. Under the terms of the lease, the District pays a quarterly fee of \$438.93. The District used a discount rate of 2.00% based on comparison of prior year's rates to the comparable debt the District added this fiscal year. The lease terminates August 2026.

GPS Line Marking Robot

As of August 31, 2022, the District has recognized a right-to-use asset of \$34,197.32 and a lease liability of \$34,197.32 related to this agreement for a Turf Tank GPS Line Marking Robot. Under the terms of the lease, the District pays an annual fee of \$6,000.00. The District used a discount rate of 2.00% based on comparison of prior year's rates to the comparable debt the District added this fiscal year. The lease-purchase terminates September 2026.

Konica Minolta Copier/Printer (5)

As August 31, 2022, the District has recognized a right-to-use asset of \$35,522.66 and a lease liability of \$35,522.66 related to this agreement for five (5) Konica Minolta Copier/Printers from Hilliard Office Solutions through De Lage Landen Financial Solutions. Under the terms of the lease, the District pays a monthly fee of \$785.05. The District received a discount rate of 11.714%. The lease terminates August 2026.

During the fiscal year, the District recorded \$14,865 in amortization expense and \$4,325 in interest expense for the right-to-use postage meter, GPS robot, and copier/printers. As all these leases were effective September 2022, no prior period adjustment was required in order to implement GASB Statement No. 87.

The District also rents miscellaneous maintenance equipment as needed that is not subject to GASB Statement No. 87.

Remaining obligations associated with these leases are as follows:

| Year Ending August 31 | Lease Obligations | | Total Requirements |
|--------------------------|-------------------|-----------------|-----------------------|
| | Principal | Interest | |
| 2023 | \$ 13,354 | \$ 3,823 | \$ 17,177 |
| 2024 | 14,261 | 2,915 | 17,176 |
| 2025 | 15,266 | 1,910 | 17,176 |
| 2026 | 16,380 | 796 | 17,176 |
| 2026 | 778 | - | 778 |
| | <u>\$ 60,039</u> | <u>\$ 9,444</u> | <u>\$ 69,483</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

J. CHANGES IN LONG-TERM LIABILITIES

Summary of Activity

A summary of long-term debt transactions of the District for the year ended August 31, 2022, is as follows:

| | Beginning Balance | Additions | Retired/ Refunded | Ending Balance Balance | Due Within One Year |
|-------------------------------|----------------------|-------------------|----------------------|---------------------------|------------------------|
| Unlimited Tax School Building | | | | | |
| Bonds - Series 2014A | \$ 2,621,000 | \$ - | \$ 356,000 | \$ 2,265,000 | \$ 364,000 |
| Unlimited Tax School Building | | | | | |
| Bonds - Series 2015 | 1,555,000 | | 60,000 | 1,495,000 | 60,000 |
| Unlimited Tax Refunding | | | | | |
| Bonds - Series 2017 | 6,820,000 | | 155,000 | 6,665,000 | 110,000 |
| Finance Contract | - | 192,550 | | 192,550 | 45,308 |
| Leases Payable | | 79,604 | 14,131 | 65,473 | 13,245 |
| Unamortized Bond Premiums | 725,138 | | 17,214 | 707,924 | |
| Total Bonded Debt | <u>\$ 11,721,138</u> | <u>\$ 272,154</u> | <u>\$ 602,345</u> | <u>\$ 11,390,947</u> | <u>\$ 592,553</u> |

K. DEFINED BENEFIT PENSION PLAN

Plan Description — The O'Donnell Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Contributions — continued

| | Contributions Rates | |
|--|---------------------|------------|
| | 2021 | 2022 |
| Member | 7.70% | 8.00% |
| Non-Employer Contributing Entity (State) | 7.50% | 7.75% |
| Employer | 7.50% | 7.75% |
| | | |
| District's 2022 Fiscal Year Employer Contributions | | \$ 156,181 |
| District's 2022 Fiscal Year Member Contributions | | \$ 254,453 |
| NECE 2021 Measurement Year On-Behalf Contributions | | \$ 177,823 |

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding sources or a privately sponsored source, from non-education and general, or local funds

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% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2022 is 1.7%.
- 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.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Actuarial Assumptions

Roll-Forward – The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

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

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

The long-term expected rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following table discloses the assumptions that were applied to this measurement period.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

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

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

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

| <u>Asset Class</u> ¹ | <u>Target Allocation</u> ² % | <u>Long-Term Expected Geometric Real Rate of Return</u> ³ | <u>Expected Contribution to Long-Term Portfolio Returns</u> |
|---|--|--|---|
| Global Equity | | | |
| USA | 18.00% | 3.60% | 0.94% |
| Non-U.S. Developed | 13.00% | 4.40% | 0.83% |
| Emerging Markets | 9.00% | 4.60% | 0.74% |
| Private Equity | 14.00% | 6.30% | 1.36% |
| Stable Value | | | |
| Government Bonds | 16.00% | -0.20% | 0.01% |
| Absolute Return | 0.00% | 1.10% | 0.00% |
| Stable Value Hedge Funds | 5.00% | 2.20% | 0.12% |
| Real Return | | | |
| Real Estate | 15.00% | 4.50% | 1.00% |
| Energy, Natural Resources and Infrastructure | 6.00% | 4.70% | 0.35% |
| Commodities | 0.00% | 1.70% | 0.00% |
| Risk Parity | | | |
| Risk Parity | 8.00% | 2.80% | 0.28% |
| Asset Allocation Leverage | | | |
| Cash | 2.00% | -0.70% | -0.01% |
| Asset Allocation Leverage | -6.00% | -0.50% | 0.03% |
| Inflation Expectation | | | 2.20% |
| Volatility Drag ⁴ | | | -0.95% |
| Total | 100% | | 6.90% |

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2021 policy model.

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

| | 1% Decrease in Discount Rate (6.25%) | Current Single Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|--|--|--|--|
| District's proportionate share of the net pension liability | \$ 1,189,529 | \$ 544,367 | \$ 20,945 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At August 31, 2022, the O'Donnell Independent School District reported a liability of \$544,367 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the O'Donnell Independent School District. The amount recognized by the O'Donnell Independent School 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 O'Donnell Independent School District were as follows:

| | |
|--|---------------------|
| District's proportionate share of the collective net pension liability | \$ 544,367 |
| State's proportionate share that is associated with the district | <u>1,061,171</u> |
| Total | <u>\$ 1,605,538</u> |

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

At August 31, 2021, the O'Donnell Independent School District's proportion of the collective net pension liability was 0.0021375848%, which was a decrease of 0.0000732747% from its proportion measured as of August 31, 2020.

For the year ended August 31, 2022, the District recognized pension expense of \$4,242 and revenue of \$4,242 for support provided by the State in the Government-Wide Statement of Activities

Changes In Actuarial Assumptions Since the Prior Actuarial Valuation — There were no changes in assumptions since the prior measurement date.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Changes In Benefit Terms — There were no changes in assumptions since the prior measurement date.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 911 | \$ 38,324 |
| Changes in actuarial assumptions | 192,423 | 83,880 |
| Net difference between projected and actual investment earnings | | 456,445 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 84,546 | 100,165 |
| Contributions paid to TRS subsequent to the measurement date | <u>156,181</u> | |
| Total | <u>\$ 434,061</u> | <u>\$ 678,814</u> |

The net amounts of the District's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized by the District in pension expense as follows:

| <u>Year ended August 31:</u> | <u>Expense Amount</u> |
|------------------------------|---------------------------|
| 2023 | \$ (74,678) |
| 2024 | (71,834) |
| 2025 | (106,295) |
| 2026 | (144,821) |
| 2027 | (3,931) |
| Thereafter | 625 |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description — The O'Donnell Independent School 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 with 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 at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2021, and 2020, are as follows:

| <u>Net OPEB Liability</u> | <u>2021</u> | <u>2020</u> |
|---|--------------------------|--------------------------|
| Total OPEB liability | \$ 41,113,711,083 | \$ 40,010,833,815 |
| Less plan fiduciary net position | (2,539,242,470) | (1,996,317,932) |
| Net OPEB liability | <u>\$ 38,574,468,613</u> | <u>\$ 38,014,515,883</u> |
| Net position as a percentage of total OPE liability | 6.18% | 4.99% |

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 system. Eligible non-Medicare retirees and their dependents pay premiums to participate in the high-deductible health plans. Eligible non-Medicare retirees and their dependents may enroll in the 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed SB 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days expenditures. This amount is estimated at \$271,311,000 as of August 31, 2021.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

The premium rates for retirees are presented 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, Section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes a public-school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public-school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% of each active employee's pay for fiscal year 2021. The following table shows contributions to the TRS-Care plan by type of contributor:

| Contribution Rates | | |
|--|-------|-----------|
| | 2021 | 2022 |
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/Private Funding Remitted by Employers | 1.25% | 1.25% |
| District's 2022 Fiscal Year Employer Contributions | | \$ 40,151 |
| District's 2022 Fiscal Year Member Contributions | | 20,674 |
| NECE 2021 Measurement Year On-Behalf Contributions | | 41,370 |

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

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

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

| | |
|----------------------|-------------------------------|
| Rates of Mortality | Rates of Disability Incidence |
| Rates of Retirement | General Inflation |
| Rates of Termination | Wage Inflation |

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 Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale (U-MP).

Additional Actuarial Methods and Assumptions:

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Discount Rate — A single discount rate of 1.95% was used to measure the total OPEB liability. This was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis — The following schedule shows the impact of the net OPEB liability if the discount rate used was one percentage point lower and one percentage point higher than the discount rate that was used (1.95%) in measuring the net OPEB liability.

| | 1% Decrease in Discount Rate (0.95%) | Current Single Discount Rate (1.95%) | 1% Increase in Discount Rate (2.95%) |
|---|--|--|--|
| District's proportionate share of the net OPEB liability | \$ 1,839,086 | \$ 1,524,656 | \$ 1,277,189 |

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|--------------|---------------------------------------|--------------|
| District's proportionate share of the net OPEB liability | \$ 1,234,921 | \$ 1,524,656 | \$ 1,913,408 |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2022, O'Donnell Independent School District reported a liability of \$1,524,656 for its proportionate share of the TRS' 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 O'Donnell Independent School District were as follows:

| | |
|---|----------------------------|
| District's proportionate share of the collective net OPEB liability | \$ 1,524,656 |
| State's proportionate share that is associated with the District | <u>2,042,699</u> |
| Total | <u><u>\$ 3,567,355</u></u> |

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

At August 31, 2021, the O'Donnell Independent School District's proportion of the collective net OPEB liability was 0.0039524998% compared to the 0.0039500316% as of August 31, 2020. This is an increase of 0.0000024682%.

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

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

Changes in Benefit Terms: There were no changes in the benefit terms since the prior measurement date.

For the year ended August 31, 2022, O'Donnell Independent School District recognized a decrease in OPEB expense of \$75,391 and a decrease in revenue of \$75,391 for support provided by the State.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 65,644 | \$ 738,040 |
| Changes in actuarial assumptions | 168,874 | 322,436 |
| Net difference between projected and actual investment earnings | 1,656 | |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 349,557 | 35,353 |
| Contributions paid to TRS subsequent to the measurement date | 40,151 | |
| Total | <u>\$ 625,882</u> | <u>\$ 1,095,829</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

The net amounts of the District's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEB will be recognized by the District in OPEB expense as follows:

| Year Ended August 31: | OPEB Expense <u>Amount</u> |
|-----------------------|----------------------------------|
| 2023 | \$ (107,553) |
| 2024 | (107,591) |
| 2025 | (107,581) |
| 2026 | (67,448) |
| 2027 | (13,115) |
| Thereafter | (106,813) |

M. MEDICARE PART D — ON-BEHALF PAYMENTS

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Group Insurance Program to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The subsidy payments received by TRS-Care on behalf of the District were \$12,474 and \$13,175 for the years ended August 31, 2022, and 2021, respectively.

N. HEALTH CARE COVERAGE

During the year ended August 31, 2022, the employees of the O'Donnell Independent School District were covered by a health insurance plan (the plan) through the Teacher Retirement System of Texas (TRS-Active Care), an interlocal cooperative agreement. The District paid premiums of \$289 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 the Teacher Retirement System of Texas. The plan was authorized by Article 3.50-7 of the Texas School Employees Uniform Group Health Coverage of the Texas Insurance Code and was documented by a contractual agreement. The latest financial statements for TRS-Active Care for the year ended December 31, 2021, are public records that are available and filed with the Texas State Board of Insurance, Austin, Texas.

The District also provides a dental health insurance plan. The District paid premiums of \$22 per month per employee to the dental health insurance plan.

The O'Donnell Independent School District established a flexible spending plan effective September 1, 1987. The plan consists of the following benefit plans: Child and Dependent Care Reimbursement Plan; Insurance Premium Payment Plan (medical, group-term life, disability and dental); Cash Benefit; and Medical Expense Reimbursement Plan. All full-time employees are eligible to participate in this plan.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

O. 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. For risks of loss for liability, workers' compensation, property insurance and unemployment compensation, the District participated in a public entity risk pool. The District continues to carry commercial insurance for all other risks of loss, including student insurance. 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 years.

Workers' Compensation Pool

During the year ended August 31, 2022, the O'Donnell Independent School District met its statutory workers' compensation obligations through participation in the Texas Association of School Board's 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 and their injured employees.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The Fund's Board of Trustees accepts the audit in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available at the Texas Association of School Board's Risk Management Fund website and have been filed with the Texas State Board of Insurance in Austin.

Property/Liability Program

During the year ended August 31, 2022, the O'Donnell Independent School District participated in the following Texas Association School Boards, Inc. Risk Management Fund (the Fund) programs:

| | |
|------------------------------------|----------------------------------|
| Auto physical damage and liability | Legal liability |
| Property | Privacy and information security |

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line of

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

O. RISK MANAGEMENT — CONTINUED

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2022, the Fund anticipates that the O'Donnell Independent School District has no additional liability beyond the contractual obligations for payment of contributions.

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

Unemployment Compensation Pool

During the year ended August 31, 2021, the O'Donnell Independent School District provided unemployment compensation coverage to its employees through participation in the Texas Association School Boards Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool members. For the year ended August 31, 2022, the Fund anticipates that the O'Donnell Independent School District has no additional liability beyond the contractual obligation for payment of contributions.

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

P. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

| | General Fund | Debt Service Fund | Total |
|--|---------------------|-------------------------|---------------------|
| Current property taxes | \$ 951,332 | \$ 804,210 | \$ 1,755,542 |
| Delinquent property taxes | 25,586 | 8,741 | 34,327 |
| Penalties, interest and other related income | 23,155 | 18,600 | 41,755 |
| 313 agreement revenue | 222,550 | - | 222,550 |
| Investment income | 12,042 | 674 | 12,716 |
| Food sales | 11,458 | - | 11,458 |
| Extracurricular activities | 11,413 | - | 11,413 |
| Rent | 42,625 | - | 42,625 |
| Gifts | - | - | - |
| Other | 20,585 | - | 20,585 |
| | <u>\$ 1,320,746</u> | <u>\$ 832,225</u> | <u>\$ 2,152,971</u> |

The following federal revenues were recorded through the General Fund:

| Program or Source | Assistance Listing Number | Amount |
|---|------------------------------|-------------------|
| National School Breakfast Program | 10.553 | \$ 105,988 |
| National School Lunch - Cash Assistance | 10.555 | 154,612 |
| National School Lunch - Non-Cash Assistance | 10.555 | 20,024 |
| Supply Chain Assistance | 10.555 | 12,675 |
| Pandemic EBT Food Benefits | 10.542 | 614 |
| E-Rate | N/A | 27,994 |
| Total | | <u>\$ 321,907</u> |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

Q. JOINT VENTURES/SHARED SERVICE ARRANGEMENTS

IDEA-B Formula and IDEA-B Preschool

The District participates in a shared services arrangement that provides funds to operate educational programs for children with disabilities with six other districts. In addition to the District, other members include Loop Independent School District, New Home Independent School District, Plains Independent School District, Seagraves Independent School District, Tahoka Independent School District and Wellman-Union Independent School District. Tahoka Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. Funds needed for joint expenses of the Four County Shared Service are provided by the member districts and accounted for by the fiscal agent. The amount provided to the Four County Shared Service is accounted for in Fund 199, Function 93.

Carl D. Perkins Career and Technical Basic Grant

O'Donnell Independent School District participates in a shared services arrangement for the Carl D. Perkins Career and Technical Basic Grant. These funds are granted to develop more fully the academic knowledge and technical and employability skills of secondary education students who elect to enroll in career and technical education programs. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The revenue and expenditures attributable to the District's participation is \$3,891.

Title III, Part A, English Language Acquisition and Language Enhancement

The District participates in a shared services arrangement for the English Language Acquisition and Language Enhancement Grant to improve the education of limited English proficient children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

Summer Food Service Program

The O'Donnell Independent School District participates in a joint venture for service provided by the South Plains Food Bank. This agreement allows the District to operate the Summer Food Service Program (SFSP) as an open site that will serve meals free of charge to local children even if they are not enrolled in the program. South Plains Food Bank, Inc. is the administrator for the program and is responsible for securing food, site monitoring and support and all financial activities of the joint venture. The District is responsible for staff to operate the Summer Food Service Program. The District's expenditures are reported in Fund 101.

COVID-19 Public Health Workforce Supplemental Funding Grant (Nursing Grant)

The District has a Memorandum of Understanding with Region 17 Education Service Center for the Nursing Grant. The primary purpose of the grant is to establish, expand, train, and sustain the State of Texas public health workforce to support jurisdictional COVID-19 prevention, preparedness, response, and recovery initiatives, including school-based health programs. The District's expenditures are reported in Fund 288.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

R. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable 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 combined financial statements for such contingencies.

Other Commitments

The District continues renovations of the football field to include the field, bleachers, press box and rest rooms. There were no additional commitments as of August 31, 2022 though the project is ongoing.

S. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

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

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

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

S. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS – CONTINUED

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

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

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

R. LITIGATION

Management represents there is no litigation pending against the District which would have a material effect on the financial statements.

T. SUBSEQUENT EVENTS

The District has evaluated events occurring after August 31, 2021 and through January 17, 2023 the date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison – General Fund

**Schedule of the District's Proportionate Share of the Net Pension Liability –
Teacher Retirement System**

**Schedule of District Contributions for Pensions -
Teacher Retirement System of Texas**

**Schedule of District's Proportionate Share of the Net OPEB Liability –
Teacher Retirement System of Texas**

**Schedule of District Contributions for OPEB Liability –
Teacher Retirement System of Texas**

Notes to Required Supplementary Information

ODONNELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|--------------|--------------------------------|--|------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 1,104,110 | \$ 1,271,447 | \$ 1,320,746 | \$ 49,299 |
| 5800 | State Program Revenues | 3,228,177 | 3,331,378 | 3,331,964 | 586 |
| 5900 | Federal Program Revenues | 229,000 | 229,010 | 321,907 | 92,897 |
| 5020 | Total Revenues | 4,561,287 | 4,831,835 | 4,974,617 | 142,782 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 1,785,518 | 1,771,859 | 1,722,139 | 49,720 |
| 0012 | Instructional Resources and Media Services | 2,650 | 3,650 | 2,254 | 1,396 |
| 0013 | Curriculum and Instructional Staff Development | 13,475 | 15,475 | 5,136 | 10,339 |
| 0021 | Instructional Leadership | 78,065 | 78,065 | 61,340 | 16,725 |
| 0023 | School Leadership | 289,419 | 291,419 | 287,022 | 4,397 |
| 0031 | Guidance, Counseling, and Evaluation Services | 84,570 | 84,570 | 82,457 | 2,113 |
| 0033 | Health Services | 68,957 | 73,957 | 72,068 | 1,889 |
| 0034 | Student (Pupil) Transportation | 102,252 | 137,252 | 122,848 | 14,404 |
| 0035 | Food Services | 266,978 | 271,978 | 269,653 | 2,325 |
| 0036 | Extracurricular Activities | 461,244 | 477,499 | 426,933 | 50,566 |
| 0041 | General Administration | 278,967 | 392,467 | 344,035 | 48,432 |
| 0051 | Facilities Maintenance and Operations | 646,000 | 745,452 | 706,503 | 38,949 |
| 0052 | Security and Monitoring Services | 16,651 | 16,651 | 3,323 | 13,328 |
| 0053 | Data Processing Services | 287,880 | 292,880 | 289,881 | 2,999 |
| 0061 | Community Services | - | 15,000 | 9,503 | 5,497 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | - | 261,858 | 210,803 | 51,055 |
| Intergovernmental: | | | | | |
| 0093 | Payments to Fiscal Agent/Member Districts of SSA | 117,612 | 122,612 | 117,612 | 5,000 |
| 0099 | Other Intergovernmental Charges | 60,000 | 60,000 | 36,531 | 23,469 |
| 6030 | Total Expenditures | 4,560,238 | 5,112,644 | 4,770,041 | 342,603 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,049 | (280,809) | 204,576 | 485,385 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | 1 | 3,771 | 3,770 |
| 7914 | Non-Current Loans | - | - | 192,550 | 192,550 |
| 7915 | Transfers In | 51,960 | 51,958 | - | (51,958) |
| 7949 | Other Resources | - | 1 | - | (1) |
| 8911 | Transfers Out (Use) | (51,958) | (51,958) | - | 51,958 |
| 7080 | Total Other Financing Sources (Uses) | 2 | 2 | 196,321 | 196,319 |
| 1200 | Net Change in Fund Balances | 1,051 | (280,807) | 400,897 | 681,704 |
| 0100 | Fund Balance - September 1 (Beginning) | 3,860,265 | 3,860,265 | 3,860,265 | - |
| 3000 | Fund Balance - August 31 (Ending) | \$ 3,861,316 | \$ 3,579,458 | \$ 4,261,162 | \$ 681,704 |

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|--|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.000021376% | 0.000020643% | 0.000023415% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 544,367 | \$ 1,105,602 | \$ 1,217,180 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 1,061,171 | 2,305,213 | 1,953,921 |
| Total | <u>\$ 1,605,538</u> | <u>\$ 3,410,815</u> | <u>\$ 3,171,101</u> |
| District's Covered Payroll | \$ 2,932,456 | \$ 2,898,457 | \$ 2,628,158 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 18.56% | 38.14% | 46.31% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 88.79% | 75.54% | 75.24% |

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| <u>FY 2019</u> <u>Plan Year 2018</u> | <u>FY 2018</u> <u>Plan Year 2017</u> | <u>FY 2017</u> <u>Plan Year 2016</u> | <u>FY 2016</u> <u>Plan Year 2015</u> | <u>FY 2015</u> <u>Plan Year 2014</u> |
|---|---|---|---|---|
| 0.000020633% | 0.000021097% | 0.000021853% | 0.000024058% | 0.000015574% |
| \$ 1,135,685 | \$ 674,562 | \$ 825,774 | \$ 850,418 | 416,003 |
| 2,226,401 | 1,416,554 | 1,615,670 | 1,412,488 | 1,248,918 |
| <u>\$ 3,362,086</u> | <u>\$ 2,091,116</u> | <u>\$ 2,441,444</u> | <u>\$ 2,262,906</u> | <u>\$ 1,664,921</u> |
| \$ 2,559,456 | \$ 2,616,380 | \$ 2,494,650 | \$ 2,316,289 | 2,302,267 |
| 44.37% | 25.78% | 33.10% | 36.71% | 18.07% |
| 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 156,181 | \$ 85,919 | \$ 81,315 |
| Contribution in Relation to the Contractually Required Contribution | 156,181 | 85,919 | 81,315 |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered Payroll | \$ 3,180,664 | \$ 2,932,456 | \$ 2,898,457 |
| Contributions as a Percentage of Covered Payroll | 4.91% | 2.93% | 2.81% |

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-----------|--------------|--------------|--------------|--------------|
| \$ | 79,326 | \$ 69,277 | \$ 66,117 | \$ 67,464 | \$ 68,420 |
| | 79,326 | 69,277 | 66,117 | 67,464 | 68,420 |
| \$ | - | \$ - | \$ - | \$ - | \$ - |
| \$ | 2,628,158 | \$ 2,559,456 | \$ 2,616,380 | \$ 2,494,650 | \$ 2,316,289 |
| | 3.02% | 2.71% | 2.53% | 2.70% | 2.95% |

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|---|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.000039525% | 0.0000395% | 0.000040221% |
| District's Proportionate Share of Net OPEB Liability (Asset) | \$ 1,524,656 | \$ 1,501,585 | \$ 1,902,115 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 2,042,699 | 2,017,771 | 2,527,486 |
| Total | <u>\$ 3,567,355</u> | <u>\$ 3,519,356</u> | <u>\$ 4,429,601</u> |
| District's Covered Payroll | \$ 2,932,456 | \$ 2,898,457 | \$ 2,628,158 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 51.99% | 51.81% | 72.37% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 6.18% | 4.99% | 2.66% |

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

| | <u>FY 2019</u> <u>Plan Year 2018</u> | | <u>FY 2018</u> <u>Plan Year 2017</u> |
|----|---|----|---|
| | 0.00003211% | | 0.000031787% |
| \$ | 1,603,259 | \$ | 1,382,289 |
| | 2,105,785 | | 2,006,009 |
| \$ | <u>3,709,044</u> | \$ | <u>3,388,298</u> |
| \$ | 2,559,456 | \$ | 2,616,380 |
| | 62.64% | | 52.83% |
| | 1.57% | | 0.91% |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2022

| | 2022 | 2021 | 2020 |
|---|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 40,151 | \$ 28,974 | \$ 28,337 |
| Contribution in Relation to the Contractually Required Contribution | 40,151 | 28,974 | 28,337 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 3,180,664 | \$ 2,932,456 | \$ 2,898,457 |
| Contributions as a Percentage of Covered Payroll | 1.26% | 0.99% | 0.98% |

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

| <hr/> | |
|--------------|--------------|
| <u>2019</u> | <u>2018</u> |
| \$ 28,255 | \$ 22,489 |
| 28,255 | 22,489 |
| <hr/> | <hr/> |
| \$ - | \$ - |
| <hr/> | <hr/> |
| \$ 2,628,158 | \$ 2,559,456 |
| 1.08% | 0.88% |

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2022

**A. NOTES TO SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM
PENSION**

Changes of Benefit Terms

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

Changes of Assumptions

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

**B. NOTES TO THE SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM
OTHER POST-EMPLOYMENT BENEFIT PLAN**

Changes in Benefits

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

Changes in Assumptions

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

COMBINING SCHEDULES

Nonmajor Governmental Funds

Private Purpose Trust Funds

Custodial Funds

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 255 ESEA II,A Training and Recruiting | 270 ESEA V, B,2 Rural & Low Income |
|--|--|--|---|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 3,864 | \$ - | \$ - |
| 1240 Due from Other Governments | 10,992 | 4,409 | - |
| 1000 Total Assets | <u>\$ 14,856</u> | <u>\$ 4,409</u> | <u>\$ -</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ - | \$ - | \$ - |
| 2160 Accrued Wages Payable | 14,856 | 4,409 | - |
| 2170 Due to Other Funds | - | - | - |
| 2000 Total Liabilities | <u>14,856</u> | <u>4,409</u> | <u>-</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 14,856</u> | <u>\$ 4,409</u> | <u>\$ -</u> |

EXHIBIT H-1 (Cont'd)

| 279 ESSER III TCLAS ARP Act | 281 ESSER II CRRSA Act Supplemental | 282 ESSER III ARP Act | 289 Other Federal Special Revenue Funds | 397 Advanced Placement Incentives | 410 State Instructional Materials | 427 Math Achievement Academy | 429 Other State Special Revenue Funds |
|--------------------------------------|--|-----------------------------|--|--|--|---------------------------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 887 |
| - | 113,913 | 290,489 | 15,121 | - | - | 108 | 68 |
| <u>\$ -</u> | <u>\$ 113,913</u> | <u>\$ 290,489</u> | <u>\$ 15,121</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108</u> | <u>\$ 955</u> |
| \$ - | \$ - | \$ - | \$ 2,103 | \$ - | \$ - | \$ - | \$ - |
| - | 15,745 | 36,066 | 6,246 | - | - | - | 955 |
| - | 98,168 | 254,423 | 6,772 | - | - | 108 | - |
| <u>-</u> | <u>113,913</u> | <u>290,489</u> | <u>15,121</u> | <u>-</u> | <u>-</u> | <u>108</u> | <u>955</u> |
| <u>\$ -</u> | <u>\$ 113,913</u> | <u>\$ 290,489</u> | <u>\$ 15,121</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108</u> | <u>\$ 955</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

| Data Control Codes | 499 Other Local Special Revenue Funds | Total Nonmajor Governmental Funds |
|--|--|--|
| ASSETS | | |
| 1110 Cash and Cash Equivalents | \$ - | \$ 4,751 |
| 1240 Due from Other Governments | - | 435,100 |
| 1000 Total Assets | <u>\$ -</u> | <u>\$ 439,851</u> |
| LIABILITIES | | |
| 2110 Accounts Payable | \$ - | \$ 2,103 |
| 2160 Accrued Wages Payable | - | 78,277 |
| 2170 Due to Other Funds | - | 359,471 |
| 2000 Total Liabilities | <u>-</u> | <u>439,851</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 439,851</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 255 ESEA II,A Training and Recruiting | 270 ESEA V, B,2 Rural & Low Income |
|---|--|--|---|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - |
| 5900 Federal Program Revenues | 184,208 | 13,003 | 4,000 |
| 5020 Total Revenues | <u>184,208</u> | <u>13,003</u> | <u>4,000</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 118,578 | 13,003 | - |
| 0012 Instructional Resources and Media Services | - | - | - |
| 0013 Curriculum and Instructional Staff Development | 8,500 | - | 4,000 |
| 0021 Instructional Leadership | - | - | - |
| 0023 School Leadership | 35,929 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | - | - |
| 0033 Health Services | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - |
| 0035 Food Services | - | - | - |
| 0036 Extracurricular Activities | - | - | - |
| 0041 General Administration | 10,007 | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - |
| 0052 Security and Monitoring Services | - | - | - |
| 0053 Data Processing Services | 11,194 | - | - |
| 0061 Community Services | - | - | - |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | - | - | - |
| 6030 Total Expenditures | <u>184,208</u> | <u>13,003</u> | <u>4,000</u> |
| 1200 Net Change in Fund Balance | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 279 ESSER III TCLAS ARP Act | 281 ESSER II CRRSA Act Supplemental | 282 ESSER III ARP Act | 289 Other Federal Special Revenue Funds | 397 Advanced Placement Incentives | 410 State Instructional Materials | 427 Math Achievement Academy | 429 Other State Special Revenue Funds |
|--------------------------------------|--|-----------------------------|--|--|--|---------------------------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 49 | 16,086 | 44,309 | 51,516 |
| 41,782 | 249,935 | 524,380 | 120,829 | - | - | - | - |
| 41,782 | 249,935 | 524,380 | 120,829 | 49 | 16,086 | 44,309 | 51,516 |
| 35,270 | 249,935 | 486,875 | 16,274 | 49 | 16,086 | - | 12,102 |
| - | - | 304 | - | - | - | - | - |
| 6,000 | - | - | 114 | - | - | - | 9,984 |
| - | - | 304 | 10,000 | - | - | - | - |
| - | - | 1,220 | - | - | - | - | - |
| - | - | 305 | 800 | - | - | 3,102 | 2,054 |
| - | - | 305 | 39,037 | - | - | - | - |
| - | - | 326 | - | - | - | - | - |
| - | - | 1,248 | - | - | - | - | - |
| - | - | - | - | - | - | - | 13,024 |
| - | - | 305 | - | - | - | 20,673 | 1,048 |
| - | - | 32,273 | - | - | - | - | - |
| - | - | - | 17,040 | - | - | - | - |
| 512 | - | 915 | - | - | - | 20,534 | 13,304 |
| - | - | - | 2,992 | - | - | - | - |
| - | - | - | 34,572 | - | - | - | - |
| 41,782 | 249,935 | 524,380 | 120,829 | 49 | 16,086 | 44,309 | 51,516 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | 499 Other Local Special Revenue Funds | Total Nonmajor Governmental Funds |
|---|--|--|
| REVENUES: | | |
| 5700 Total Local and Intermediate Sources | \$ 7,500 | \$ 7,500 |
| 5800 State Program Revenues | - | 111,960 |
| 5900 Federal Program Revenues | - | 1,138,137 |
| 5020 Total Revenues | <u>7,500</u> | <u>1,257,597</u> |
| EXPENDITURES: | | |
| Current: | | |
| 0011 Instruction | - | 948,172 |
| 0012 Instructional Resources and Media Services | - | 304 |
| 0013 Curriculum and Instructional Staff Development | - | 28,598 |
| 0021 Instructional Leadership | - | 10,304 |
| 0023 School Leadership | - | 37,149 |
| 0031 Guidance, Counseling, and Evaluation Services | - | 6,261 |
| 0033 Health Services | - | 39,342 |
| 0034 Student (Pupil) Transportation | - | 326 |
| 0035 Food Services | - | 1,248 |
| 0036 Extracurricular Activities | 7,500 | 20,524 |
| 0041 General Administration | - | 32,033 |
| 0051 Facilities Maintenance and Operations | - | 32,273 |
| 0052 Security and Monitoring Services | - | 17,040 |
| 0053 Data Processing Services | - | 46,459 |
| 0061 Community Services | - | 2,992 |
| Capital Outlay: | | |
| 0081 Facilities Acquisition and Construction | - | 34,572 |
| 6030 Total Expenditures | <u>7,500</u> | <u>1,257,597</u> |
| 1200 Net Change in Fund Balance | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 AUGUST 31, 2022

EXHIBIT H-3

| | Student Activities Fund | OHS Ex-Students Fund | Custodial Fund |
|-----------------------------------|-------------------------------|----------------------------|-------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 35,373 | \$ 1,867 | \$ 37,240 |
| Total Assets | <u>35,373</u> | <u>1,867</u> | <u>37,240</u> |
| LIABILITIES | | | |
| Accounts Payable | 3,245 | - | 3,245 |
| Total Liabilities | <u>3,245</u> | <u>-</u> | <u>3,245</u> |
| NET POSITION | | | |
| Restricted for Student Activities | 32,128 | - | 32,128 |
| Restricted for Other Purposes | - | 1,867 | 1,867 |
| Total Net Position | <u>\$ 32,128</u> | <u>\$ 1,867</u> | <u>\$ 33,995</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

| | Student Activities Fund | OHS Ex-Students Fund | Total Custodial Fund |
|--|-------------------------------|----------------------------|----------------------------|
| ADDITIONS: | | | |
| Miscellaneous Revenue - Alumni | \$ - | \$ 1,455 | \$ 1,455 |
| Miscellaneous Revenue - Student Activities | 84,981 | - | 84,981 |
| Earnings from Temporary Deposits | 146 | 5 | 151 |
| Total Additions | <u>85,127</u> | <u>1,460</u> | <u>86,587</u> |
| DEDUCTIONS: | | | |
| Supplies and Materials | <u>87,261</u> | <u>1,368</u> | <u>88,629</u> |
| Total Deductions | <u>87,261</u> | <u>1,368</u> | <u>88,629</u> |
| Change in Net Position | (2,134) | 92 | (2,042) |
| Net Position - September 1 (Beginning) | <u>34,262</u> | <u>1,775</u> | <u>36,037</u> |
| Net Position - August 31 (Ending) | <u>\$ 32,128</u> | <u>\$ 1,867</u> | <u>\$ 33,995</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2022

EXHIBIT H-5

| | OISD General Scholarship | Taking Flight Faculty | Total Private Purpose Trust Funds |
|-----------------------------|--------------------------------|-----------------------------|--|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 6,544 | \$ 120 | \$ 6,664 |
| Total Assets | 6,544 | 120 | 6,664 |
| NET POSITION | | | |
| Restricted for Scholarships | 6,544 | 120 | 6,664 |
| Total Net Position | \$ 6,544 | \$ 120 | \$ 6,664 |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT H-6

| | OISD General Scholarship | Taking Flight Faculty | Total Private Purpose Trust Funds |
|--|--------------------------------|-----------------------------|--|
| ADDITIONS: | | | |
| Contributions, Gifts and Donations | \$ 5,000 | \$ 30 | \$ 5,030 |
| Earnings from Temporary Deposits | 24 | - | 24 |
| Total Additions | 5,024 | 30 | 5,054 |
| DEDUCTIONS: | | | |
| Scholarships Awarded | 2,500 | - | 2,500 |
| Total Deductions | 2,500 | - | 2,500 |
| Change in Net Position | 2,524 | 30 | 2,554 |
| Net Position - September 1 (Beginning) | 4,020 | 90 | 4,110 |
| Net Position - August 31 (Ending) | \$ 6,544 | \$ 120 | \$ 6,664 |

REQUIRED TEA SCHEDULES

Schedule of Delinquent Taxes Receivable

Budgetary Comparison – Debt Service Fund

State Compensatory Education and Bilingual Education Program Expenditures

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2022

| Last 10 Years Ended August 31 | (1) | (2) | (3) |
|----------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2013 and prior years | Various | Various | \$ 650,050,700 |
| 2014 | 1.170000 | 0.000000 | 247,973,960 |
| 2015 | 1.170000 | 0.400000 | 150,480,790 |
| 2016 | 1.170000 | 0.330000 | 114,426,340 |
| 2017 | 1.170000 | 0.330000 | 93,840,650 |
| 2018 | 1.110000 | 0.380000 | 96,846,420 |
| 2019 | 1.087800 | 0.350000 | 115,873,720 |
| 2020 | 1.015100 | 0.400000 | 95,364,680 |
| 2021 | 1.001400 | 0.380000 | 96,858,340 |
| 2022 (School year under audit) | 0.998400 | 0.383000 | 101,310,570 |
| 1000 TOTALS | | | |

Assessed values for the 2015-2022 school years reflect the maintenance and operations values. In 2022 the value for debt service was \$213,463,210. The \$112,152,640 difference is due to a Chapter 313 Tax Incentive Agreement for a wind energy farm, which is provided an exemption to the appraised value of of property for maintenance and operation portion of the tax. The property remains fully taxable for the debt service.

| (10) Beginning Balance 9/1/2021 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2022 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 8,329 | \$ - | \$ 36 | \$ - | \$ (3,810) | \$ 4,483 |
| 1,024 | - | - | - | (6) | 1,018 |
| 1,467 | - | 65 | 22 | (8) | 1,372 |
| 1,967 | - | 636 | 179 | (7) | 1,145 |
| 2,322 | - | 783 | 221 | (7) | 1,311 |
| 3,026 | - | 852 | 292 | 25 | 1,907 |
| 5,490 | - | 1,905 | 613 | (210) | 2,762 |
| 67,645 | - | 4,801 | 1,892 | (607) | 60,345 |
| 31,924 | - | 15,966 | 6,064 | (326) | 9,568 |
| - | 1,829,049 | 951,874 | 803,668 | (43,083) | 30,424 |
| <u>\$ 123,194</u> | <u>\$ 1,829,049</u> | <u>\$ 976,918</u> | <u>\$ 812,951</u> | <u>\$ (48,039)</u> | <u>\$ 114,335</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|-------------------|-------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 954,332 | \$ 954,332 | \$ 832,225 | \$ (122,107) |
| 5800 State Program Revenues | - | 4,000 | 8,786 | 4,786 |
| 5900 Federal Program Revenues | 4,000 | - | - | - |
| 5020 Total Revenues | <u>958,332</u> | <u>958,332</u> | <u>841,011</u> | <u>(117,321)</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Liabilities | 1,146,145 | 766,000 | 571,000 | 195,000 |
| 0072 Interest on Long-Term Liabilities | - | 380,145 | 380,144 | 1 |
| 0073 Bond Issuance Cost and Fees | - | 3,000 | 2,500 | 500 |
| 6030 Total Expenditures | <u>1,146,145</u> | <u>1,149,145</u> | <u>953,644</u> | <u>195,501</u> |
| 1200 Net Change in Fund Balances | (187,813) | (190,813) | (112,633) | 78,180 |
| 0100 Fund Balance - September 1 (Beginning) | <u>399,792</u> | <u>399,792</u> | <u>399,792</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 211,979</u> | <u>\$ 208,979</u> | <u>\$ 287,159</u> | <u>\$ 78,180</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

| | | |
|-----|--|--------|
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| 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. | 312851 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. | 840132 |

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. | 11465 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35) | 11640 |

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION AND
FEDERAL AWARDS SECTION**

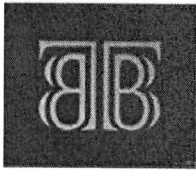
BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542

EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



INDEPENDENT AUDITORS' 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

Board of School Trustees
O'Donnell Independent School District
Post Office Box 487
O'Donnell, Texas 79351

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the O'Donnell Independent School District, O'Donnell, Texas, as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the O'Donnell Independent School District's basic financial statements, and have issued our report thereon dated January 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered O'Donnell Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the O'Donnell 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Donnell Independent School 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink, appearing to read "Bennett Bennett & Trice, PLLC". The signature is written in a cursive style.

Bennett Bennett & Trice, PLLC
Lamesa, TX

January 17, 2023

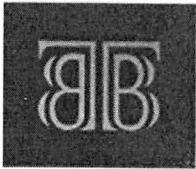
BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

611 N 2ND STREET, LAMESA TX 79331
PO BOX 790

VOICE 806 872-5426
TOLL FREE 800 227-5426
FAX 806 872-3542

EMAIL KBAIRRINGTON@bbtcpa.com

Members of
Texas Society of
Certified Public Accountants
American Institute of
Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Board of School Trustees
O'Donnell Independent School District
Post Office Box 487
O'Donnell, Texas 79351

Report on Compliance for Each Major Fund

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).^j 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 O'Donnell Independent School 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 O'Donnell Independent School 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 O'Donnell Independent School District's federal programs.

Auditors' Responsibility for 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 O'Donnell Independent School 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 generally accepted auditing standards, *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 O'Donnell Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 O'Donnell Independent School 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 O'Donnell Independent School 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 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bennett Bennett & Trice, PLLC
Lamesa, TX

January 17, 2023

O'DONNELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2022

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified that are not
considered to be material weaknesses? ___ none
X reported

Noncompliance material to financial statements noted? ___ yes X no

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiencies identified that are not
considered to be material weaknesses? ___ yes X 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 2 CFR 200.516(a) of Uniform Guidance? ___ yes X no

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| COVID 19 | |
| 84.425D | COVID 19-Esser II, CRRSA Act |
| 84.425U | COVID 19-ESSER III, ARP Act |
| 84.425U | COVID 19-ESSER III, TCLAS Act |

Dollar threshold used to distinguish between
type A and type B federal programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

B. Section II - Findings Related to the Financial Statements

The audit disclosed no findings required to be reported.

C. Section III - Findings and Questioned Costs Related to the Federal

The audit disclosed no findings required to be reported.

O'DONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2022

PRIOR YEAR'S FINDING/NONCOMPLIANCE AND STATUS:

None

ODONNELL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal Assistance Listing No. | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|--|---|---|--------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Direct Programs</u> | | | |
| Small Rural School Grant | 84.358 A | S358A202994 | \$ 4,000 |
| Total Direct Programs | | | <u>4,000</u> |
| <u>Passed Through Texas Education Agency</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010 A | 22610101153903 | 96,831 |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010 A | 23610101153903 | 14,856 |
| 2021-2023 Title I 1003 ESF-Focused Support Grant | 84.010 A | 226101577110026 | 72,521 |
| Total Assistance Listing Number 84.010 | | | <u>184,208</u> |
| ESEA, Title II, Part A, Supporting Effective Instruction | 84.367 A | 22694501153903 | 8,594 |
| ESEA, Title II, Part A, Supporting Effective Instruction | 84.367 A | 23694501153903 | 4,409 |
| Total Assistance Listing Number 84.367 | | | <u>13,003</u> |
| Title IV, Part A, Subpart 1 - Support and Academic Enrichment | 84.424 A | 22680101153903 | 10,000 |
| COVID 19 - ESSER II, CRRSA Act | 84.425 D | 21521001153903 | 249,935 |
| COVID 19 - ESSER III, ARP Act | 84.425 U | 21528001153903 | 524,380 |
| COVID 19 - ESSER III, TCLAS Act | 84.425 U | 21528042153903 | 41,782 |
| Total Assistance Listing Number 84.425 | | | <u>816,097</u> |
| Total Passed Through Texas Education Agency | | | <u>1,023,308</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>1,027,308</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| <u>Passed Through Texas Education Agency</u> | | | |
| 2021-2023 P-Tech Planning & Implementation | 17.258 | 213933017110015 | 53,952 |
| Total Passed Through Texas Education Agency | | | <u>53,952</u> |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>53,952</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <u>Passed Through Region 17 Education Service Center</u> | | | |
| Public Health Work Force Nursing Grant | 93.354 | | 39,037 |
| Total Passed Through Region 17 Education Service Center | | | <u>39,037</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>39,037</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <u>Direct Programs</u> | | | |
| STOP School Violence | 16.839 | 2018-YS-BX-0170 | 17,840 |
| Total Direct Programs | | | <u>17,840</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>17,840</u> |

ODONNELL INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2022

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal Assistance Listing No. | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|--|---|---|--------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the Texas Department of Agriculture</u> | | | |
| *National School Lunch Prog. - Non-Cash Assistance | 10.555 | | 20,024 |
| *Supply Chain Assistance Grant | 10.555 | | 12,675 |
| Total Assistance Listing Number 10.555 | | | 32,699 |
| Total Child Nutrition Cluster | | | 293,299 |
| Pandemic EBT Food Benefits | 10.542 | 00759 | 614 |
| Total Passed Through the Texas Department of Agriculture | | | 33,313 |
| <u>Passed Through Texas Education Agency</u> | | | |
| *School Breakfast Program | 10.553 | 71402201 | 105,988 |
| *National School Lunch Program - Cash Assistance | 10.555 | 71302201 | 154,612 |
| Total Child Nutrition Cluster | | | 293,299 |
| Total Passed Through Texas Education Agency | | | 260,600 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 293,913 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 1,432,050 |
| *Clustered Programs | | | |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

O'DONNELL INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures included on the Schedule of Expenditures of Federal Awards (the Schedule) are presented on the modified accrual basis of accounting, with the exception of the National School Lunch Program, National School Breakfast Program and the Food Distribution Program (Non-Cash Assistance). Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, National School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying Schedule in an amount equal to revenue for balancing purposes only. The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as due to other governments until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

O'Donnell Independent School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B. BASIS OF PRESENTATION

The Schedule includes the federal grant activity of O'Donnell Independent School District under programs of the federal government for the year ended August 31, 2022. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of O'Donnell Independent School District.

C. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, O'Donnell Independent School District provided no federal awards to subrecipients.

D. RECONCILIATION INFORMATION

| | |
|---|----------------------------|
| Amount reported on the Schedule of Expenditures of Federal Awards | \$ 1,432,050 |
| E-Rate Revenue reported in the General Fund | <u>27,994</u> |
| Federal Program Revenue Reported on Exhibit C-3 | <u><u>\$ 1,460,044</u></u> |