

**DECATUR
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

Decatur Independent School District
Annual Financial Report
For The Year Ended August 31, 2023

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Introductory Section

CERTIFICATE OF BOARD

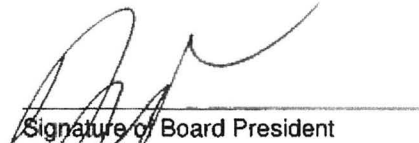
Decatur Independent School District
Name of School District

Wise
County

249-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 22nd day of January, 2024.


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Decatur Independent School District
307 S. Cates Street
Decatur, Texas 76234

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Decatur Independent School District ("the District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Decatur Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Decatur Independent School District as of August 31, 2023, and the respective changes in financial position, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principal

As described in Note A to the financial statements, in Fiscal Year 2023, Decatur Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Decatur 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents, except for Exhibit J-5, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and Exhibit J-5 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of Decatur 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Decatur Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Decatur Independent School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams
January 22, 2024

Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$8,500,475 (*net position*). Of this amount, negative \$16,615,845 is *unrestricted net position*.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18,005,563. Approximately 64% of this total amount, \$11,480,167, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,480,167, or 30% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund, and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-17 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District has no enterprise funds. The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its workers' compensation insurance. The basic proprietary financial statements can be found on pages 18-20 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position can be found on pages 21-22.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 48-53 of this report.



DECATUR
INDEPENDENT SCHOOL DISTRICT
STRONG ROOTS, POWERFUL WINGS

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$8,500,475 as of August 31, 2023.

The District's Net Position

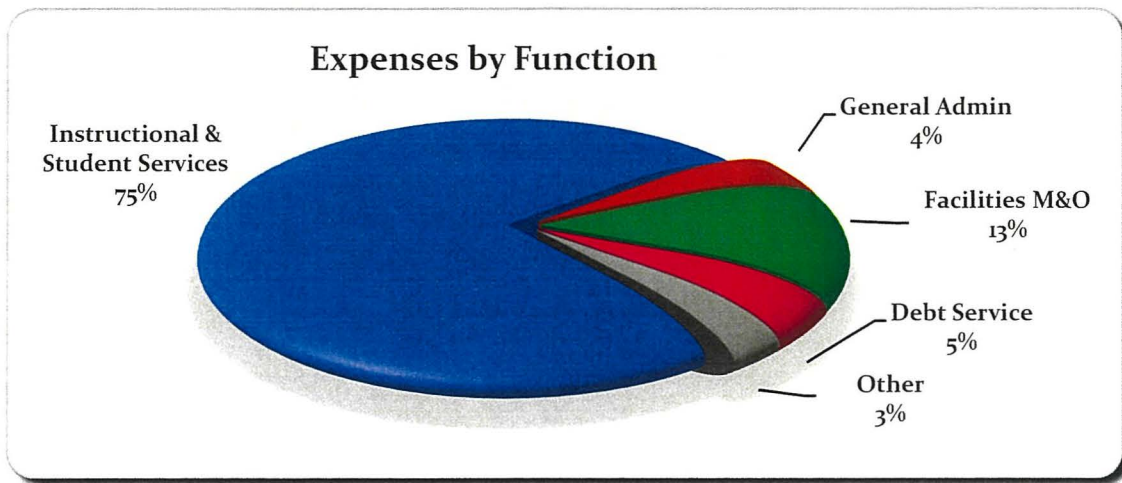
	August 31, 2023	August 31, 2022
Current assets	\$ 23,426,689	\$ 22,672,528
Capital assets	67,690,561	71,071,680
Total assets	<u>91,117,250</u>	<u>93,744,208</u>
Deferred outflows of resources		
Deferred loss on refunding	513,714	566,632
Deferred outflow related to pensions	5,222,998	3,139,921
Deferred outflow related to OPEB	2,933,546	2,962,079
Total deferred outflows of resources	<u>8,670,258</u>	<u>6,668,632</u>
Current liabilities	4,744,645	3,005,565
Long-term liabilities outstanding	75,626,250	78,297,075
Total liabilities	<u>80,370,895</u>	<u>81,302,640</u>
Deferred inflows of resources		
Deferred gain on refunding	522,816	581,384
Deferred inflow related to pensions	1,009,583	5,158,344
Deferred inflow related to OPEB	9,383,739	6,694,108
Total deferred inflows of resources	<u>10,916,138</u>	<u>12,433,836</u>
Net position:		
Net investment in capital assets	19,247,931	17,255,860
Restricted	5,868,389	5,301,114
Unrestricted	(16,615,845)	(15,880,610)
Total net position	<u>\$ 8,500,475</u>	<u>\$ 6,676,364</u>

The Net investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and right to use assets) is \$19,247,931. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$5,868,389, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a negative balance of (\$16,615,845). This deficit does not mean that the District does not have sufficient resources available to meet financial obligations next year. Rather, it is the result of having long-term commitments that are more than currently available resources.

Governmental activities. The District's total net position increased \$1,824,111. The total cost of all *governmental activities* this year was \$49,286,023. The amount that our taxpayers paid for these activities through property taxes was \$36,347,552 or 74%.

Changes in the District's Net Position

	Fiscal Year August 31, 2023	Fiscal Year August 31, 2022
Revenues:		
Program revenues		
Charges for services	\$ 2,031,568	\$ 1,554,076
Operating grants and contributions	5,924,731	6,292,395
General revenues		
Property taxes	36,347,552	30,687,713
State grants	5,233,416	7,893,420
Other	1,572,867	658,684
Total revenues	<u>51,110,134</u>	<u>47,086,288</u>
Expenses:		
Instruction	24,758,495	23,053,142
Instruction resources and media services	778,817	683,071
Curriculum and staff development	620,523	405,347
Instructional leadership	403,670	237,863
School leadership	2,324,913	2,365,913
Guidance, counseling and evaluation services	1,598,472	1,415,722
Health services	358,561	346,248
Student transportation	1,342,981	1,055,861
Food service	2,174,898	2,219,790
Cocurricular/Extracurricular activities	2,631,845	2,271,695
General administration	1,959,019	1,874,542
Facilities maintenance and operations	6,432,804	5,959,441
Security and monitoring services	454,441	248,684
Data processing services	467,319	366,420
Community services	63,398	13,209
Debt service-interest on long-term debt	2,268,418	2,359,318
Debt service-bond issuance costs	20,340	45,620
Capital outlay	-	73,416
Payments related to shared service arrangements	63,500	48,000
Other intergovernmental charges	563,609	499,938
Total expenses	<u>49,286,023</u>	<u>45,543,240</u>
Changes in net position	1,824,111	1,543,048
Net position - beginning	6,676,364	5,133,316
Net position - ending	<u>\$ 8,500,475</u>	<u>\$ 6,676,364</u>



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$18,005,563, a decrease of \$1,123,598. Approximately 64% of this total amount \$11,480,167 constitutes *unassigned fund balance*. Nonspendable fund balance exists for (1) inventories (\$76,426), and (2) unrealized expenditures (\$1,722). The remainder of fund balance is restricted or *committed* to indicate that it is not available for new spending because it has already been *restricted* to pay (1) federal/state funds grant restrictions (\$1,318,379), (2) to pay debt service (\$4,198,643), and (3) other restrictions (\$183,068), and committed for (1) construction (\$95,087), (2) for self-insurance (\$100,000), and (3) other commitments for campus activity (\$552,071).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,480,167, out of a total fund balance of \$11,610,828. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 30% of the total general fund expenditures. Total general fund balance represents 30% of the total general fund expenditures.

The fund balance of the District's general fund decreased by \$571,545 during the current fiscal year. Key factors in this decrease are:

- Salary increases for employees with additional increases for non-exempt employees in order to stay competitive in the market and fill open positions
- Increase in costs associated with the appraisal district
- Increase in utilities and fuel costs
- Increase in insurance cost for increase in valuation of property at replacement costs.

The debt service fund has a total fund balance of \$4,198,643, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$424,137.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments fall into the following category:

- Increased the Security & Monitoring budget to allow for a resource officer at every campus and implement the Guardian Program.

- Increased Co-Curricular/Extracurricular budget due to the advancement of several students beyond district in competitions.

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues exceeded budgeted revenues by \$242,864 primarily related to local and intermediate sources; and
- Actual expenditures were \$31,408 less than budgeted expenditures primarily due to debt service, security and monitoring, and facilities maintenance.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2023, amounts to \$67,690,561 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, furniture and equipment, construction in progress, and right to use assets.

Districts Capital Assets (net of depreciation/amortization)

	August 31, 2023	August 31, 2022
Land	\$ 1,998,567	\$ 1,998,567
Buildings and improvements	63,581,821	63,533,218
Furniture and equipment	2,082,026	2,483,170
Construction in progress	-	3,035,789
Right to use assets	28,147	20,936
Total at historical cost	<u>\$ 67,690,561</u>	<u>\$ 71,071,680</u>

Additional information on the District's capital assets can be found in Note D on page 31 of this report.

Long-term debt. As of August 31, 2023, the District had total general obligation bonded debt outstanding of \$40,062,684, a decrease of \$4,653,738 from the prior year. Accumulated accretion on CAB's decreased \$508,867 resulting in an ending balance of \$9,807,304. The premium on bonds is \$3,947,805, a decrease of \$435,695 from the prior year.

The district had notes from direct borrowings of \$4,395,000, a decrease of \$285,000 from the prior year. SIBTA liabilities had an ending balance of \$28,039 due to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements*. The net pension liability had an ending balance of \$11,243,545, an increase of \$6,687,883 from the prior year. And finally, the net OPEB liability had an ending balance of \$6,141,873, a decrease of \$3,482,301 from the prior year.

Additional information on the District's long-term debt can be found in Note F on pages 32-33 of this report.

Economic Factors and Next Year's Budgets and Rates

- The District's 2023-2024 M&O tax rate is \$0.6692, which represents a 21.6 percent decrease over the prior year. The District's I&S rate was \$0.2337.
- The District increased teacher salaries by \$1,850 per step. The cost of this increase is anticipated to be \$467,498 for the year.
- The District's student attendance rate has slightly increased with a current rate of 94.9 percent.
- The District's enrollment increased by approximately 217 students in 2022-2023. Enrollment for 2023-2024 is expected to slightly decrease to 3812.
- The District's taxable valuation has 15.1% bringing the total taxable value for 2023-2024 to approximately \$3.9 billion.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Office, Decatur I.S.D., 307 S. Cates Street, Decatur, Texas, 76234.

Basic Financial Statements

DECATUR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 1,879,412
1120	Current Investments	19,492,818
1225	Property Taxes Receivable (Net)	803,006
1240	Due from Other Governments	986,094
1290	Other Receivables (Net)	187,211
1300	Inventories	76,426
1410	Unrealized Expenses	1,722
	Capital Assets:	
1510	Land	1,998,567
1520	Buildings and Improvements (Net)	63,581,821
1530	Furniture and Equipment (Net)	2,082,026
1550	Right to Use Assets (Net)	28,147
1000	Total Assets	<u>91,117,250</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow of Resources - Undesignated	513,714
	Deferred Outflow Related to Pensions	5,222,998
	Deferred Outflow Related to OPEB	<u>2,933,546</u>
1700	Total Deferred Outflows of Resources	<u>8,670,258</u>
LIABILITIES:		
2110	Accounts Payable	1,054,640
2140	Interest Payable	126,525
2165	Accrued Liabilities	2,307,725
2300	Unearned Revenue	1,255,755
	Noncurrent Liabilities:	
2501	Due Within One Year	3,058,706
2502	Due in More Than One Year	55,182,126
2540	Net Pension Liability	11,243,545
2545	Net OPEB Liability	<u>6,141,873</u>
2000	Total Liabilities	<u>80,370,895</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Gain on Refunding	522,816
	Deferred Inflow Related to Pensions	1,009,583
	Deferred Inflow Related to OPEB	<u>9,383,739</u>
2600	Total Deferred Inflows of Resources	<u>10,916,138</u>
NET POSITION:		
3200	Net Investment in Capital Assets	19,247,931
	Restricted For:	
3820	Federal and State Programs	1,318,379
3850	Debt Service	4,366,942
3880	Scholarships	179,518
3890	Other Purposes	3,550
3900	Unrestricted	<u>(16,615,845)</u>
3000	Total Net Position	<u>\$ 8,500,475</u>

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 24,758,495	\$ 269,927	\$ 2,594,334	\$ (21,894,234)
12	Instructional Resources and Media Services	778,817	39,218	21,141	(718,458)
13	Curriculum and Staff Development	620,523	1,870	285,628	(333,025)
21	Instructional Leadership	403,670	2,175	13,602	(387,893)
23	School Leadership	2,324,913	14,251	70,135	(2,240,527)
31	Guidance, Counseling, and Evaluation Services	1,598,472	21,224	623,061	(954,187)
33	Health Services	358,561	1,979	9,188	(347,394)
34	Student Transportation	1,342,981	7,243	53,624	(1,282,114)
35	Food Service	2,174,898	832,259	1,497,356	154,717
36	Cocurricular/Extracurricular Activities	2,631,845	792,181	82,744	(1,756,920)
41	General Administration	1,959,019	9,722	68,683	(1,880,614)
51	Facilities Maintenance and Operations	6,432,804	34,560	314,669	(6,083,575)
52	Security and Monitoring Services	454,441	2,371	28,041	(424,029)
53	Data Processing Services	467,319	2,588	23,424	(441,307)
61	Community Services	63,398	--	--	(63,398)
72	Interest on Long-term Debt	2,268,418	--	175,625	(2,092,793)
73	Bond Issuance Costs and Fees	20,340	--	--	(20,340)
93	Payments Related to Shared Services Arrangements	63,500	--	63,476	(24)
99	Other Intergovernmental Charges	563,609	--	--	(563,609)
TG	Total Governmental Activities	49,286,023	2,031,568	5,924,731	(41,329,724)
TP	Total Primary Government	\$ 49,286,023	\$ 2,031,568	\$ 5,924,731	(41,329,724)
General Revenues:					
MT	Property Taxes, Levied for General Purposes				28,554,271
DT	Property Taxes, Levied for Debt Service				7,793,281
IE	Investment Earnings				1,166,855
GC	Grants and Contributions Not Restricted to Specific Programs				5,233,416
MI	Miscellaneous				406,012
TR	Total General Revenues				43,153,835
CN	Change in Net Position				1,824,111
NB	Net Position - Beginning				6,676,364
NE	Net Position - Ending				\$ 8,500,475

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 2,135	\$ 854,514	\$ 933,187	\$ 1,789,836
1120 Current Investments	15,268,530	2,737,943	1,486,345	19,492,818
1225 Taxes Receivable	925,577	242,928	--	1,168,505
1230 Allowance of Uncollectible Taxes (Credit)	(290,870)	(74,629)	--	(365,499)
1240 Due from Other Governments	--	--	986,094	986,094
1260 Due from Other Funds	875,132	641,978	181,614	1,698,724
1290 Other Receivables	4,465	--	175	4,640
1300 Inventories	28,939	--	47,487	76,426
1410 Unrealized Expenditures	1,722	--	--	1,722
1000 Total Assets	<u>\$ 16,815,630</u>	<u>\$ 4,402,734</u>	<u>\$ 3,634,902</u>	<u>\$ 24,853,266</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 415,765	\$ --	\$ 369,477	\$ 785,242
2150 Payroll Deductions and Withholdings	8,700	--	--	8,700
2160 Accrued Wages Payable	2,173,317	--	125,708	2,299,025
2170 Due to Other Funds	823,593	--	872,382	1,695,975
2300 Unearned Revenue	1,148,720	35,792	71,243	1,255,755
2000 Total Liabilities	<u>4,570,095</u>	<u>35,792</u>	<u>1,438,810</u>	<u>6,044,697</u>
DEFERRED INFLOWS OF RESOURCES:				
Property Taxes	634,707	168,299	--	803,006
2600 Total Deferred Inflows of Resources	<u>634,707</u>	<u>168,299</u>	<u>--</u>	<u>803,006</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410 Inventories	28,939	--	47,487	76,426
3430 Prepaid Items	1,722	--	--	1,722
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	1,318,379	1,318,379
3480 Retirement of Long-Term Debt	--	4,198,643	--	4,198,643
3490 Other Restrictions of Fund Balance	--	--	183,068	183,068
Committed Fund Balances:				
3510 Construction	--	--	95,087	95,087
3540 Self-Insurance	100,000	--	--	100,000
3545 Other Committed Fund Balance	--	--	552,071	552,071
3600 Unassigned	11,480,167	--	--	11,480,167
3000 Total Fund Balances	<u>11,610,828</u>	<u>4,198,643</u>	<u>2,196,092</u>	<u>18,005,563</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 16,815,630</u>	<u>\$ 4,402,734</u>	<u>\$ 3,634,902</u>	<u>\$ 24,853,266</u>

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

Total fund balances - governmental funds balance sheet \$ 18,005,563

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	803,006
Capital assets used in governmental activities are not reported in the funds.	67,690,561
Deferred Resource Outflows related to the pension plan are not reported in the funds.	5,222,998
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	2,933,546
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(11,243,545)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(6,141,873)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,009,583)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(9,383,739)
Deferred loss on refunding bonds is not reported in the funds.	513,714
Payables for bond principal which are not due in the current period are not reported in the funds.	(40,062,684)
Payables for notes which are not due in the current period are not reported in the funds.	(4,395,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(122,054)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(9,807,304)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.	(3,947,805)
Deferred gain on refunding bonds is not reported in the funds.	(522,816)
Payables for note interest which are not due in the current period are not reported in the funds.	(4,471)
Payables for right-to-use SBITAs which are not due in the current period are not reported in the funds.	(28,039)

Net position of governmental activities - Statement of Net Position \$ 8,500,475

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 29,558,939	\$ 8,041,688	\$ 2,044,017	\$ 39,644,644
5800 State Program Revenues	7,109,927	175,625	507,691	7,793,243
5900 Federal Program Revenues	718,576	--	3,868,983	4,587,559
5020 Total Revenues	<u>37,387,442</u>	<u>8,217,313</u>	<u>6,420,691</u>	<u>52,025,446</u>
EXPENDITURES:				
Current:				
0011 Instruction	21,160,564	--	2,228,736	23,389,300
0012 Instructional Resources and Media Services	698,030	--	36,532	734,562
0013 Curriculum and Staff Development	322,603	--	269,770	592,373
0021 Instructional Leadership	374,642	--	--	374,642
0023 School Leadership	2,180,348	--	15,245	2,195,593
0031 Guidance, Counseling, and Evaluation Services	930,580	--	621,330	1,551,910
0033 Health Services	338,768	--	--	338,768
0034 Student Transportation	1,244,939	--	2,661	1,247,600
0035 Food Service	9,776	--	2,249,923	2,259,699
0036 Cocurricular/Extracurricular Activities	1,672,328	--	838,988	2,511,316
0041 General Administration	1,670,442	--	--	1,670,442
0051 Facilities Maintenance and Operations	5,944,461	--	--	5,944,461
0052 Security and Monitoring Services	408,710	--	--	408,710
0053 Data Processing Services	445,172	--	--	445,172
0061 Community Services	807	--	62,500	63,307
0071 Principal on Long-term Debt	328,930	4,653,738	--	4,982,668
0072 Interest on Long-term Debt	106,279	3,113,448	--	3,219,727
0073 Bond Issuance Costs and Fees	--	25,990	--	25,990
0081 Capital Outlay	--	--	616,518	616,518
0093 Payments to Shared Service Arrangements	--	--	63,500	63,500
0099 Other Intergovernmental Charges	563,609	--	--	563,609
6030 Total Expenditures	<u>38,400,988</u>	<u>7,793,176</u>	<u>7,005,703</u>	<u>53,199,867</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(1,013,546)</u>	<u>424,137</u>	<u>(585,012)</u>	<u>(1,174,421)</u>
Other Financing Sources and (Uses):				
7915 Transfers In	391,178	--	58,927	450,105
7949 Issuance of Right to Use SBITAs	50,823	--	--	50,823
8911 Transfers Out	--	--	(450,105)	(450,105)
7080 Total Other Financing Sources and (Uses)	<u>442,001</u>	<u>--</u>	<u>(391,178)</u>	<u>50,823</u>
1200 Net Change in Fund Balances	<u>(571,545)</u>	<u>424,137</u>	<u>(976,190)</u>	<u>(1,123,598)</u>
0100 Fund Balances - Beginning	12,182,373	3,774,506	3,172,282	19,129,161
3000 Fund Balances - Ending	<u>\$ 11,610,828</u>	<u>\$ 4,198,643</u>	<u>\$ 2,196,092</u>	<u>\$ 18,005,563</u>

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds \$ (1,123,598)

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	131,932
Capital outlays are not reported as expenses in the SOA.	865,858
The depreciation/amortization of capital assets used in governmental activities is not reported in the funds.	(4,246,977)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows.	
These pension contributions made after the measurement date of the plan increased ending net position.	1,024,484
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to net pension liability.	(883,809)
Changes in the net pension liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is a decrease in net position.	(596,720)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows.	
These OPEB contributions made after the measurement date of the plan increased net position.	225,141
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(210,692)
Changes in the net OPEB liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is an increase in net position.	749,688
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,653,738
Repayment of lease principal is an expenditure in the funds but is not an expense in the SOA.	21,146
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	285,000
Decrease in accrued interest on bonds from beginning of period to end of period.	6,457
The accretion of interest on capital appreciation bonds is not reported in the funds.	508,867
Deferred loss on refunding bonds is amortized in the SOA but not in the funds.	(52,918)
Deferred gain on refunding bonds is amortized in the SOA but not in the funds.	58,568
Premiums on bonds are amortized in the SOA but not in the funds.	435,695
Decrease in accrued interest on notes from beginning of period to end of period.	290
Repayment of SBITA principal is an expenditure in the funds but is not an expense in the SOA.	22,784
Issuance of right-to-use SBITAs do not provide revenue in the SOA, but are reported as other financing sources in the funds.	(50,823)

Change in net position of governmental activities - Statement of Activities \$ 1,824,111

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

AUGUST 31, 2023

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 89,576	
Receivables:			
1290	Other Receivables (net)		182,571
	Total Current Assets		272,147
1000	Total Assets		272,147
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	269,398	
2170	Due to Other Funds	2,749	
	Total Current Liabilities	272,147	
2000	Total Liabilities	272,147	
NET POSITION:			
3000	Total Net Position	\$ --	

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 175,411
5020	Total Revenues	175,411
OPERATING EXPENSES:		
6400	Other Operating Costs	175,411
6030	Total Expenses	175,411
1300	Change in Net Position	--
0100	Total Net Position - Beginning	--
3300	Total Net Position - Ending	\$ --

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Receipts for Quasi-external	\$
Operating Transactions with Other Funds	5,548
Other Operating Cash Disbursements	<u>(97,987)</u>
Net Cash Used by Operating Activities	<u>(92,439)</u>
Net Decrease in Cash and Cash Equivalents	(92,439)
Cash and Cash Equivalents at Beginning of Year	<u>182,015</u>
Cash and Cash Equivalents at End of Year	<u>\$ 89,576</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income (Loss)	\$ --
Change in Assets and Liabilities:	
Decrease in Interfund Receivables	4,437
Increase in Other Receivables	(174,300)
Decrease in Unrealized Expenses	100,944
Decrease in Accounts Payable	(26,269)
Increase in Interfund Payable	<u>2,749</u>
Total Adjustments	<u>(92,439)</u>
Net Cash (Used) by Operating Activities	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2023

Data Control Codes		Custodial Funds
ASSETS:		
1110	Cash and Cash Equivalents	\$ 73,339
1000	Total Assets	<u>73,339</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	<u>15,277</u>
2000	Total Liabilities	<u>15,277</u>
NET POSITION:		
3800	Restricted for Student Activity	<u>58,062</u>
3000	Total Net Position	<u>\$ 58,062</u>

The accompanying notes are an integral part of this statement.

DECATUR INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Custodial Funds
ADDITIONS:	
Revenue from Student Activities	\$ 163,174
Total Additions	<u>163,174</u>
DEDUCTIONS:	
Payments for Student Activities	172,754
Total Deductions	<u>172,754</u>
Change in Fiduciary Net Position	(9,580)
Net Position-Beginning of the Year	67,642
Net Position-End of the Year	<u>\$ 58,062</u>

The accompanying notes are an integral part of this statement.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

The basic financial statements of Decatur Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("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 receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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 are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Unrealized Expenditures

Inventories of supplies on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed. Inventories include paper and food supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as unrealized expenditures.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets and donated works of art and similar items are recorded at their acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Significant accounting policies for right-to-use assets are located at Note G for Leases and Note H for Subscription-Based Information Technology Arrangements (SBITAs).

Capital assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	5-40 years
Furniture and Equipment	5-15 years
Right-to-Use Assets - Leased Equipment	3-4 years
Right-to-Use Assets - SBITAs	2-3 years

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense / expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action, which is a resolution by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board delegates authority to assign fund balance to the Superintendent or Deputy Superintendent.

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Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. 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.

5. Other Post-Employment Benefits

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.

6. Implementation of New Standards

In the current fiscal year, the district implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements. There was no effect on beginning net position or fund balances due to the implementation of this standard.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

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.

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A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District implemented this Statement during the current year.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions:

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Food Service Fund total actual expenditures exceeded final budgeted amounts.	The district will closely review the approved budgeted amounts adopted by the School Board and propose amendments for unexpected resources needed during the year to prevent future overspending.

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,952,751 and the bank balance was \$2,555,096. The District's cash deposits at August 31, 2023 were not entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Of the bank balance, \$1,078,707 was uninsured and uncollateralized.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

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The District's investments at August 31, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Value</u>
TexPool - LGIP	Wtd Avg = 24 days	\$ 19,492,818
Total Investments		<u>\$ 19,492,818</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2023, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexPool - LGIP AAAm

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was exposed to custodial credit risk as stated in Note C-1.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

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Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor's. TexPool uses amortized cost to value portfolio assets and follows the criteria established by GASB 79. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

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D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated / amortized:				
Land	\$ 1,998,567	\$ -	\$ -	\$ 1,998,567
Construction in Progress	3,035,789	-	3,035,789	-
Total capital assets not being depreciated / amortized	<u>5,034,356</u>	<u>-</u>	<u>3,035,789</u>	<u>1,998,567</u>
Capital assets being depreciated / amortized:				
Buildings and Improvements	118,897,740	3,652,308	-	122,550,048
Furniture and Equipment	10,800,631	198,516	-	10,999,147
Right-to-Use Assets - Leased Equipment	76,700	-	76,700	-
Right-to-Use Assets - SBITAs	-	50,823	-	50,823
Total capital assets being depreciated / amortized	<u>129,775,071</u>	<u>3,901,647</u>	<u>76,700</u>	<u>133,600,018</u>
Less accumulated depreciation / amortization for:				
Buildings and Improvements	(55,364,522)	(3,603,705)	-	(58,968,227)
Furniture and Equipment	(8,317,461)	(599,660)	-	(8,917,121)
Right-to-Use Assets - Leased Equipment	(55,764)	(20,936)	(76,700)	-
Right-to-Use Assets - SBITAs	-	(22,676)	-	(22,676)
Total accumulated depreciation / amortization	<u>(63,737,747)</u>	<u>(4,246,977)</u>	<u>(76,700)</u>	<u>(67,908,024)</u>
Total capital assets being depreciated / amortized, net	<u>66,037,324</u>	<u>(345,330)</u>	<u>-</u>	<u>65,691,994</u>
Governmental activities capital assets, net	<u>\$ 71,071,680</u>	<u>\$ (345,330)</u>	<u>\$ 3,035,789</u>	<u>\$ 67,690,561</u>

Depreciation / amortization was charged to functions as follows:

Instruction	\$ 2,395,380
Instructional Resources and Media Services	78,513
Curriculum and Staff Development	36,220
Instructional Leadership	44,546
School Leadership	247,884
Guidance, Counseling, & Evaluation Services	104,802
Health Services	37,932
Student Transportation	139,722
Food Services	1,103
Extracurricular Activities	187,806
General Administration	188,852
Plant Maintenance and Operations	672,171
Security and Monitoring Services	46,103
Data Processing Services	65,852
Community Services	91
	<u>\$ 4,246,977</u>

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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2023, consisted of the following:

Due To Fund	Due From Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 872,383
General Fund	Nonmajor Internal Service Fund	2,749
Debt Service Fund	General Fund	641,978
Nonmajor Governmental Funds	General Fund	181,614
	Total	\$ <u>1,698,724</u>

The outstanding balances between funds result mainly from the time lag between the dates that reimbursable expenditures occur or deposits of revenue are received, the dates the transactions are recorded in the accounting system, and the date the interfund payments are actually settled. All interfund receivables will be liquidated within the next fiscal year. Interfund balances between governmental funds and proprietary funds are eliminated in the statement of net position and reported as internal balances.

2. Transfers To and From Other Funds

Transfers between funds at August 31, 2023 consisted of the following:

Transfers From	Transfers To	Amount	Reason
Nonmajor Governmental Funds	General Fund	\$ 391,178	Maintenance Tax Note Payment
Nonmajor Governmental Funds	Nonmajor Governmental Funds	58,927	To transfer fund balance from Fund 242 due to no longer operating SFSP.
	Total	\$ <u>450,105</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 44,716,422	\$ -	\$ (4,653,738)	\$ 40,062,684	\$ 2,741,138
Premiums on Bonds	4,383,500	-	(435,695)	3,947,805	-
Accum. Accretion on CABs	10,316,171	-	(508,867)	9,807,304	-
Notes from Direct Borrowings	4,680,000	-	(285,000)	4,395,000	295,000
Net Pension Liability*	4,555,662	7,571,628	(883,745)	11,243,545	-
Net OPEB Liability*	9,624,174	-	(3,482,301)	6,141,873	-
Lease Liability*	21,146	-	(21,146)	-	-
SBITA Liability*	-	50,823	(22,784)	28,039	22,568
Total governmental activities	\$ <u>78,297,075</u>	\$ <u>7,622,451</u>	\$ <u>(10,293,276)</u>	\$ <u>75,626,250</u>	\$ <u>3,058,706</u>

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* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General
Net OPEB Liability *	Governmental	General
Lease Liability*	Governmental	General
SBITA Liability*	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

Year Ending August 31	Governmental Activities				
	Bonds		Notes from Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,741,138	\$ 2,944,187	\$ 295,000	\$ 99,392	\$ 6,079,717
2025	2,545,452	2,904,849	300,000	92,430	5,842,731
2026	2,906,814	2,892,036	305,000	85,352	6,189,202
2027	3,031,851	2,826,799	315,000	78,098	6,251,748
2028	3,141,828	2,754,472	320,000	70,668	6,286,968
2029-2033	17,995,601	10,295,948	1,725,000	235,582	30,252,131
2034-2038	7,700,000	422,875	1,135,000	40,192	9,298,067
Totals	\$ 40,062,684	\$ 25,041,166	\$ 4,395,000	\$ 701,714	\$ 70,200,564

General Obligation Bonds	Interest Rate	Maturity	Amount of Original Issue	Amount Outstanding 8/31/2023
Unlimited Tax Building Bonds, Series 2004	*	8/15/2031	\$ 32,072,612	\$ 5,642,684
Unlimited Tax Bldg & Refunding Bonds, Series 2015	3.00%-5.00%	2/15/2035	16,500,000	7,705,000
Unlimited Tax Refunding Bonds, Series 2016	4.00%	8/15/2034	8,635,000	8,490,000
Unlimited Tax Refunding Bonds, Series 2017	4.00%	8/15/2032	8,895,000	6,270,000
Unlimited Tax Refunding Bonds, Series 2018	3.00%-4.00%	8/15/2030	4,675,000	4,445,000
Unlimited Tax Refunding Bonds, Series 2019	2.50%-5.00%	8/15/2030	9,860,000	7,510,000
				\$ 40,062,684
<u>Tax Maintenance Notes</u>				
Maintenance Tax Notes, Series 2021	2.34%	2/15/2036	\$ 4,960,000	\$ 4,395,000
				\$ 4,395,000

* Capital Appreciation Bond

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of August 31, 2023.

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G. Leases

The District is a lessee for noncancelable leases of equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The District did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for Fiscal Year 2023.

All leases for the District matured during Fiscal Year 2023.

H. Subscription Based IT Arrangements

The District is a contractee for noncancelable Subscription-Based IT Arrangements (SBITAs). The District recognizes a SBITA liability, reported with long-term debt, and a right-to-use SBITA asset, reported with other capital assets, in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$15,000 or more.

At the commencement of a SBITA, the District measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments. The SBITA asset is initially measured at the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the commencement of the SBITA term, plus capitalizable initial implementation costs as described in GASB 96 paragraph 29(b). Subsequently, the SBITA asset is amortized on a straight-line basis over the shorter of the SBITA term or its useful life.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the SBITA.
- SBITA payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, payments for penalties of terminating the SBITA, SBITA incentives receivable from the vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

There were no variable payments or residual value guarantees or penalties not included in the measurement of the SBITAs. The District did not have any commitments under SBITAs not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for Fiscal Year 2023.

The District entered into a new SBITA with Apptegy during the year, that matures on January 1, 2024, for a website provider with an initial value of \$34,410 payable in annual installments of \$17,192 at an interest rate of 2.35%.

The District entered into a new SBITA with PowerSchool during the year, that matures on December 8, 2024, for an auxiliary employee evaluation system with an initial value of \$16,413 payable in annual installments of \$5,600 at an interest rate of 2.35%.

Future SBITA payment maturity schedule is as follows:

Year ended August 31	Principal	Interest	Total
2024	\$ 22,568	\$ 740	\$ 23,308
2025	5,471	129	5,600
	<u>\$ 28,039</u>	<u>\$ 869</u>	<u>\$ 28,908</u>

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, Decatur Independent School District carried insurance through various plans described below. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Property Casualty Program

During the year ended August 31, 2023 Decatur ISD met its statutory property casualty obligations through participation in the Property Casualty Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All Districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members.

The Fund and its members are protected against higher than expected claims costs through reinsurance contracts for claims in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to help determine the reserve adequacy. As of August 31, 2023, the Fund carries a total of \$11,173,055 in current loss reserves, including \$3,993,237 for claims incurred but not yet reported. Losses and reserves are based on estimates, and could be more or less than originally estimated.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements are available for inspection at the Fund's administrative offices.

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FOR THE YEAR ENDED AUGUST 31, 2023

Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the Texas Educational Insurance Association (the Association). The Association is a public entity risk pool currently operating as a common risk management and insurance program for member colleges and school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to an agreed upon retention limit. The plan for worker's compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$106,526 incurred but not reported claims. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable and of claims incurred but not reported at August 31, 2023, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

Changes in the balances of claim liabilities during the past year are as follows:

	Year ended 8/31/2023	Year ended 8/31/2022
Unpaid claims, beginning of year	\$ 295,667	\$ 186,525
Incurred claims	56,918	215,107
Claim payments	(94,125)	(105,965)
Unpaid claims, end of fiscal year	<u>\$ 258,460</u>	<u>\$ 295,667</u>

Unemployment Compensation

During the year ended August 31, 2023, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that Decatur ISD 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 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

J. Pension Plan

1. Plan Description

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

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

DECATUR INDEPENDENT SCHOOL DISTRICT
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2. Pension Plan Fiduciary Net Position

Detail 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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
District's 2023 Employer Contributions		\$ 1,024,484
District's 2023 Member Contributions		\$ 2,096,978
2022 NECE On-Behalf Contributions (State)		\$ 1,325,943

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

DECATUR INDEPENDENT SCHOOL DISTRICT
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As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 12, 2021.

6. Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00%. 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. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ****			-0.91%
Expected Return	100.00%		8.21%
<p>* Absolute Return includes Credit Sensitive Investments. ** Target allocations are based on the FY2022 policy model. *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022). **** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a discount rate of 7.00%, and what the net position liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability \$	<u>17,490,689</u>	<u>\$ 11,243,545</u>	<u>\$ 6,179,937</u>

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

At August 31, 2023, the District reported a liability of \$11,243,545 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 11,243,545
State's proportionate share that is associated with District	16,869,449
Total	<u>\$ 28,112,994</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.018939%, which was an increase of 0.001050% from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, the District recognized pension expense of \$3,093,057 and revenue of \$1,612,528 representing pension expense incurred by the State on behalf of the District.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 163,030	\$ 245,131
Changes in Actuarial Assumptions	2,095,038	522,142
Difference Between Projected and Actual Investment Earnings	1,110,826	-
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	829,620	242,310
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	1,024,484	-
Total	<u>\$ 5,222,998</u>	<u>\$ 1,009,583</u>

The deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended August 31, 2024. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended August 31	Pension Expense Amount
2024	\$ 875,196
2025	504,611
2026	176,783
2027	1,388,803
2028	243,540
Thereafter	(2)

K. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

2. OPEB Plan Fiduciary Net Position

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

DECATUR INDEPENDENT SCHOOL DISTRICT
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3. Benefits Provided

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

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

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

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

4. 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 are based on active employee compensation. The TRS board does not have the authority to set or amend contribution rates.

Section 1575.202 of the Texas Insurance Code 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. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>		
	2022	2023
Member	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 2023 Employer Contributions		\$ 225,141
District's 2023 Member Contributions		\$ 170,378
2022 NECE On-Behalf Contributions (State)		\$ 256,999

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

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

DECATUR INDEPENDENT SCHOOL DISTRICT
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5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees – 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

6. Discount Rate

A single discount rate of 3.91% was used to measure the Total OPEB Liability. This was an increase of 1.96% in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

DECATUR INDEPENDENT SCHOOL DISTRICT
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7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the net OPEB liability:	\$ <u>7,241,755</u>	\$ <u>6,141,873</u>	\$ <u>5,250,827</u>

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

At August 31, 2023, the District reported a liability of \$6,141,873 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 6,141,873
State's proportionate share that is associated with District	<u>7,492,120</u>
Total	\$ <u>13,633,993</u>

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

At August 31, 2022 the District's proportion of the collective net OPEB liability was 0.025650%, which was an increase of 0.000701% from its proportion measured as of August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability:	\$ <u>5,060,931</u>	\$ <u>6,141,873</u>	\$ <u>7,543,175</u>

9. Changes Since the Prior Actuarial Valuation

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

- The discount rate was changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was (\$1,602,188) and revenue of (\$1,063,192) representing OPEB expense incurred by the State on behalf of the District.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Actuarial Experience	\$ 341,466	\$ 5,116,731
Changes in Actuarial Assumptions	935,529	4,267,008
Difference Between Projected and Actual Investment Earnings	18,295	-
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	1,413,115	-
Contributions paid to TRS subsequent to the measurement date of the Net OPEB liability	225,141	-
Total	<u>\$ 2,933,546</u>	<u>\$ 9,383,739</u>

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended August 31, 2024. The net amount of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended August 31</u>	<u>OPEB Expense Amount</u>
2024	\$ (1,238,692)
2025	(1,238,625)
2026	(978,170)
2027	(625,558)
2028	(851,484)
Thereafter	(1,742,805)

10. Medicare Part D Subsidies

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 Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$132,978.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

L. Employee Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$407 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

Latest financial statements for the Plan are available for their year end and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

M. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at August 31, 2023.

N. Shared Services Arrangements

Shared Services Arrangement – Membership

The District participates in a shared services arrangement ("SSA") for deaf education with the following school districts:

Member Districts

Denton ISD

Decatur ISD

Gainesville ISD

Lake Dallas ISD

Lewisville ISD

Little Elm ISD

Northwest ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Denton ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

DECATUR INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2023

O. Other Restrictions of Fund Balance

The other restrictions of fund balance consisted of the following:

<u>Fund</u>		
Special Revenue Fund	\$ 12,834	Eloise James Scholarship
Special Revenue Fund	18,249	C.G. Rann Scholarship
Special Revenue Fund	91,954	Rann Scholarship
Special Revenue Fund	3,141	Conoco Grant
Special Revenue Fund	410	Devon Energy Corporation Grant
Special Revenue Fund	23,729	Embrace Ausome Grant
Special Revenue Fund	14,831	Miscellaneous Local Grants
Special Revenue Fund	17,920	Education Foundation Grant
	<u>\$ 183,068</u>	

P. Subsequent Events

The District evaluated subsequent events through January 22, 2024, the date the financial statements were available to be issued, and no subsequent events were noted.

DECATUR INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 28,794,534	\$ 29,140,851	\$ 29,558,939	\$ 418,088
5800	State Program Revenues	7,478,727	7,478,727	7,109,927	(368,800)
5900	Federal Program Revenues	525,000	525,000	718,576	193,576
5020	Total Revenues	36,798,261	37,144,578	37,387,442	242,864
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	21,178,720	21,088,720	21,160,564	(71,844)
0012	Instructional Resources and Media Services	696,107	696,107	698,030	(1,923)
0013	Curriculum and Instructional Staff Development	379,947	344,947	322,603	22,344
	Total Instruction and Instr. Related Services	22,254,774	22,129,774	22,181,197	(51,423)
	Instructional and School Leadership:				
0021	Instructional Leadership	430,279	395,279	374,642	20,637
0023	School Leadership	2,178,913	2,178,913	2,180,348	(1,435)
	Total Instructional and School Leadership	2,609,192	2,574,192	2,554,990	19,202
	Student Support Services:				
0031	Guidance, Counseling and Evaluation Services	940,210	930,210	930,580	(370)
0033	Health Services	363,225	338,225	338,768	(543)
0034	Student Transportation	1,231,068	1,231,068	1,244,939	(13,871)
0035	Food Services	3,000	9,777	9,776	1
0036	Extracurricular Activities	1,325,880	1,670,420	1,672,328	(1,908)
	Total Student Support Services	3,863,383	4,179,700	4,196,391	(16,691)
	Administrative Support Services:				
0041	General Administration	1,560,080	1,645,080	1,670,442	(25,362)
	Total Administrative Support Services	1,560,080	1,645,080	1,670,442	(25,362)
	Support Services:				
0051	Facilities Maintenance and Operations	5,977,307	5,977,307	5,944,461	32,846
0052	Security and Monitoring Services	311,000	442,079	408,710	33,369
0053	Data Processing Services	395,343	395,343	445,172	(49,829)
	Total Support Services	6,683,650	6,814,729	6,798,343	16,386
	Ancillary Services:				
0061	Community Services	2,000	2,000	807	1,193
	Total Ancillary Services	2,000	2,000	807	1,193
	Debt Service:				
0071	Debt Service	285,000	415,000	328,930	86,070
0072	Interest on Long-Term Debt	106,178	106,178	106,279	(101)
	Total Debt Service	391,178	521,178	435,209	85,969
0099	Other Intergovernmental Charges	590,743	565,743	563,609	2,134
	Total Intergovernmental Charges	590,743	565,743	563,609	2,134
6030	Total Expenditures	37,955,000	38,432,396	38,400,988	31,408

DECATUR INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,156,739)</u>	<u>(1,287,818)</u>	<u>(1,013,546)</u>	<u>274,272</u>
	Other Financing Sources (Uses):				
7915	Operating Transfers In	391,178	391,178	391,178	--
7949	Issuance of Right to Use SBITAs	<u>--</u>	<u>--</u>	<u>50,823</u>	<u>50,823</u>
7080	Total Other Financing Sources and (Uses)	<u>391,178</u>	<u>391,178</u>	<u>442,001</u>	<u>50,823</u>
1200	Net Change in Fund Balance	<u>(765,561)</u>	<u>(896,640)</u>	<u>(571,545)</u>	<u>325,095</u>
0100	Fund Balance - Beginning	<u>12,182,373</u>	<u>12,182,373</u>	<u>12,182,373</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 11,416,812</u>	<u>\$ 11,285,733</u>	<u>\$ 11,610,828</u>	<u>\$ 325,095</u>

DECATUR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE****SHARE OF THE NET PENSION LIABILITY****TEACHER RETIREMENT SYSTEM OF TEXAS****LAST TEN MEASUREMENT YEARS ***

	Measurement Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.019%	0.017%	0.017%	0.018%	0.017%	0.016%	0.016%	0.017%	0.011%	--
District's proportionate share of the net pension liability	\$ 11,243,545	\$ 4,555,662	\$ 9,205,251	\$ 9,486,819	\$ 9,492,339	\$ 5,256,353	\$ 6,045,159	\$ 5,828,359	\$ 2,856,515	\$ --
State's proportionate share of the net pension liability associated with the District	16,869,449	7,819,423	16,742,038	15,119,353	15,739,834	9,550,009	11,785,897	11,480,735	10,026,339	--
Total	<u>\$ 28,112,994</u>	<u>\$ 12,375,085</u>	<u>\$ 25,947,289</u>	<u>\$ 24,606,172</u>	<u>\$ 25,232,173</u>	<u>\$ 14,806,362</u>	<u>\$ 17,831,056</u>	<u>\$ 17,309,094</u>	<u>\$ 12,882,854</u>	<u>\$ --</u>
District's covered payroll	\$ 24,413,008	\$ 23,549,767	\$ 22,828,510	\$ 20,960,301	\$ 19,351,672	\$ 18,828,808	\$ 18,348,343	\$ 17,996,213	\$ 17,808,034	\$ --
District's proportionate share of the net pension liability as a percentage of its covered payroll	46.06%	19.34%	40.32%	45.26%	49.05%	27.92%	32.95%	32.39%	16.04%	--
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

DECATUR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS****TEACHER RETIREMENT SYSTEM OF TEXAS****LAST TEN FISCAL YEARS ***

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,024,484	\$ 883,809	\$ 763,397	\$ 710,063	\$ 639,191	\$ 581,130	\$ 509,287	\$ 488,222	\$ 271,122	\$ --
Contributions in relation to the contractually required contribution	(1,024,484)	(883,809)	(763,397)	(710,063)	(639,191)	(581,130)	(509,287)	(488,222)	(271,122)	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 26,212,241	\$ 24,413,008	\$ 23,549,767	\$ 22,828,510	\$ 20,960,301	\$ 19,351,672	\$ 18,348,343	\$ 17,996,213	\$ 17,808,034	\$ --
Contributions as a percentage of covered payroll	3.91%	3.62%	3.24%	3.11%	3.05%	3.00%	2.78%	2.71%	1.52%	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

DECATUR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN MEASUREMENT YEARS *

	Measurement Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective net OPEB liability	0.026%	0.025%	0.025%	0.024%	0.024%	0.022%	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 6,141,873	\$ 9,624,174	\$ 9,361,114	\$ 11,557,087	\$ 11,744,520	\$ 9,456,210	\$ --	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	7,492,120	12,894,248	12,579,094	15,356,782	16,610,543	14,873,486	--	--	--	--
Total	<u>\$ 13,633,993</u>	<u>\$ 22,518,422</u>	<u>\$ 21,940,208</u>	<u>\$ 26,913,869</u>	<u>\$ 28,355,063</u>	<u>\$ 24,329,696</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 24,413,008	\$ 23,549,767	\$ 22,828,510	\$ 20,960,301	\$ 19,351,672	\$ 18,282,808	\$ --	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.16%	40.87%	41.01%	55.14%	60.69%	51.72%	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

DECATUR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS****TEACHER RETIREMENT SYSTEM OF TEXAS****LAST TEN FISCAL YEARS ***

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required District contribution	\$ 225,141	\$ 210,692	\$ 194,913	\$ 187,090	\$ 173,444	\$ 162,265	\$ --	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(225,141)	(210,692)	(194,913)	(187,090)	(173,444)	(162,265)	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 26,212,241	\$ 24,413,008	\$ 23,549,767	\$ 22,828,510	\$ 20,960,301	\$ 19,351,672	\$ --	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	0.86%	0.86%	0.83%	0.82%	0.83%	0.84%				

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required (General Fund, Food Service Fund, and Debt Service Fund). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

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

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

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan and Defined Benefit OPEB Plan

Changes of benefit terms

Any changes of benefit terms that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note J).

Any changes of benefit terms that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note K).

Changes of assumptions

Any changes of assumptions that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note J).

Any changes of assumptions that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note K).

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

DECATUR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2023**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2014 and Prior Years	\$ Various	\$	Various	\$	Various	
2015	1.0400		.2500		2,276,939,070	
2016	1.0400		.2900		2,255,784,737	
2017	1.0400		.3000		1,859,082,836	
2018	1.0400		.3000		1,921,465,149	
2019	1.0400		.2650		2,239,660,383	
2020	.9700		.2400		2,494,097,107	
2021	.9664		.2337		2,447,226,481	
2022	.9120		.2337		2,661,773,152	
2023 (School Year Under Audit)	.8546		.2337		3,327,418,175	

1000 Totals

8000 - Taxes Refunded under Section 26.1115, Tax Code for owners who received an exemption
as provided by Section 11.42(f), Tax Code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

Column 20 , the current year's levy is the ending levy provided by Wise County Tax Office.

Column 3, Assessed/Appraised Value for School Tax Purposes is calculated based on the current year total levy
divided by current year total rate. This amount includes adjustments for frozen values.

EXHIBIT J-1

10 Beginning Balance 9/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/23
\$ 148,318	\$ --	\$ 4,440	\$ 1,037	\$ (8,343)	\$ 134,498
26,745	--	816	196	(1,241)	24,492
33,653	--	1,036	289	(5,737)	26,591
37,665	--	1,907	550	(464)	34,744
37,100	--	2,100	606	(1,904)	32,490
57,182	--	8,029	2,046	(1,214)	45,893
115,890	--	22,547	5,579	(8,071)	79,693
161,207	--	19,170	4,636	(7,740)	129,661
382,164	--	140,006	35,876	(17,906)	188,376
--	36,212,292	27,968,280	7,648,238	(123,707)	472,067
<u>\$ 999,924</u>	<u>\$ 36,212,292</u>	<u>\$ 28,168,331</u>	<u>\$ 7,699,053</u>	<u>\$ (176,327)</u>	<u>\$ 1,168,505</u>

\$ --

\$ --

DECATUR INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-2**
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023**

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 736,297	\$ 833,554	\$ 97,257
5800	State Program Revenues	59,335	11,161	(48,174)
5900	Federal Program Revenues	1,204,416	1,501,066	296,650
5020	Total Revenues	<u>2,000,048</u>	<u>2,345,781</u>	<u>345,733</u>
EXPENDITURES:				
Current:				
Student Support Services:				
0035	Food Services	<u>2,184,996</u>	<u>2,249,923</u>	<u>(64,927)</u>
	Total Student Support Services	<u>2,184,996</u>	<u>2,249,923</u>	<u>(64,927)</u>
6030	Total Expenditures	<u>2,184,996</u>	<u>2,249,923</u>	<u>(64,927)</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(184,948)</u>	<u>95,858</u>	<u>280,806</u>
Other Financing Sources (Uses):				
7915	Operating Transfers In	<u>--</u>	<u>58,927</u>	<u>58,927</u>
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>58,927</u>	<u>58,927</u>
1200	Net Change in Fund Balance	<u>(184,948)</u>	<u>154,785</u>	<u>339,733</u>
0100	Fund Balance - Beginning	<u>1,184,791</u>	<u>1,184,791</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 999,843</u>	<u>\$ 1,339,576</u>	<u>\$ 339,733</u>

DECATUR INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT J-3

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
REVENUES:				
5700	Local and Intermediate Sources	\$ 7,743,566	\$ 8,041,688	\$ 298,122
5800	State Program Revenues	--	175,625	175,625
5020	Total Revenues	<u>7,743,566</u>	<u>8,217,313</u>	<u>473,747</u>
EXPENDITURES:				
Debt Service:				
0071	Debt Service	4,733,738	4,728,524	5,214
0072	Interest on Long-Term Debt	3,056,162	3,038,662	17,500
0073	Bond Issuance Costs and Fees	26,000	25,990	10
	Total Debt Service	<u>7,815,900</u>	<u>7,793,176</u>	<u>22,724</u>
6030	Total Expenditures	<u>7,815,900</u>	<u>7,793,176</u>	<u>22,724</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(72,334)</u>	<u>424,137</u>	<u>496,471</u>
1200	Net Change in Fund Balance	<u>(72,334)</u>	<u>424,137</u>	<u>496,471</u>
0100	Fund Balance - Beginning	<u>3,774,506</u>	<u>3,774,506</u>	--
3000	Fund Balance - Ending	<u>\$ 3,702,172</u>	<u>\$ 4,198,643</u>	<u>\$ 496,471</u>

DECATUR INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2023

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 2,609,838
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 2,077,058
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 361,374
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 295,323

DECATUR INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-5**

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2023

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2023 (Exhibit C-1 object 3000 for the General Fund only)	\$ 11,610,828
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	30,661
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	100,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	3,200,082
7	Estimate of two months' average cash disbursements during the fiscal year	6,400,165
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	9,730,908
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 1,879,920



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Decatur Independent School District
307 S. Cates Street
Decatur, Texas 76234

Members of the Board of Trustees:

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 Decatur Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Decatur Independent School District's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of Decatur Independent School District in a separate letter dated January 22, 2024.

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.



Snow Garrett Williams
January 22, 2024



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Decatur Independent School District
307 S. Cates Street
Decatur, Texas 76234

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Decatur Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Decatur Independent School District's major federal programs for the year ended August 31, 2023. Decatur 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, Decatur Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). 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 Decatur 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 Decatur 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 Decatur Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Decatur 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 Decatur 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 Decatur 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 Decatur 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 Decatur Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams
January 22, 2024

DECATUR INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D/85.425U	Elementary and Secondary School Emergency Relief Fund (ESSER)
84.027/84.027X/84.173/84.173X	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

DECATUR INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

A corrective action plan is not needed.

DECATUR INDEPENDENT SCHOOL DISTRICT**EXHIBIT K-1****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN	Pass- Through Entity Identifying Number	Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71402301	\$ 228,293
National School Lunch Program	10.555	71302301	1,048,866
Total Passed Through State Department of Education			1,277,159
Passed Through Texas Department of Agriculture:			
Supply Chain Assistance	10.555	NT4XL1YGLGC5	87,636
Commodity Supplemental Food Program (Non-cash)	10.555	NT4XL1YGLGC5	132,889
Total ALN 10.555			220,525
Total Passed Through Texas Department of Agriculture			220,525
Total U. S. Department of Agriculture			1,497,684
Total Child Nutrition Cluster			1,497,684
FOREST SERVICE SCHOOLS AND ROADS CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through Wise County			
Schools and Roads - Grants to Counties	10.666	DECISD	34,965
Total Passed Through Wise County			34,965
Total U.S. Department of Agriculture			34,965
Total Forest Service Schools and Roads Cluster			34,965
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-Part B, Formula	84.027	236600012499056600	621,708
IDEA-Part B, Formula	84.027	246600012499056600	52,082
IDEA-Part B, Formula - ARP (COVID-19)	84.027X	225350022499055350	143,463
Total ALN 84.027			817,253
IDEA-Part B, Preschool	84.173	236610012499056610	9,732
IDEA-Part B, Preschool - ARP (COVID-19)	84.173X	225360022499055360	6,006
Total ALN 84.173			15,738
Total Passed Through State Department of Education			832,991
Total U. S. Department of Education			832,991
Total Special Education (IDEA) Cluster			\$ 832,991

DECATUR INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN	Pass- Through Entity Identifying Number	Federal Expenditures
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101249905	\$ 318,085
ESEA Title I Part A - Improving Basic Programs	84.010A	24610101249905	30,915
Total ALN 84.010A			<u>349,000</u>
Career and Technical Education - Basic Grant	84.048A	23420006249905	28,231
Career and Technical Education - Basic Grant	84.048A	24420006249905	2,728
Total ALN 84.048A			<u>30,959</u>
Title III, Part A-English Language Acquisition and Language Enhancement	84.365A	23671001249905	49,460
Title III, Part A-English Language Acquisition and Language Enhancement	84.365A	24671001249905	5,311
Total ALN 84.365A			<u>54,771</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	23694501249905	81,850
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	24694501249905	7,394
Total ALN 84.367A			<u>89,244</u>
Summer School LEP	84.369A	69552202	8,750
Title IV, Part A, Subpart 1	84.424A	23680101249905	21,837
Title IV, Part A, Subpart 1	84.424A	24680101249905	2,419
Total ALN 84.424A			<u>24,256</u>
Elementary and Secondary School Emergency Relief Fund (ESSER II-COVID 19)	84.425D	21521001249905	81,169
Elementary and Secondary School Emergency Relief Fund (ESSER III-COVID 19)	84.425U	21528001249905	532,215
Elementary and Secondary School Emergency Relief Fund (ESSER III-Supplemental-COVID 19)	84.425U	21528043249905	265,119
Elementary and Secondary School Emergency Relief Fund (ESSER III-TCLAS-COVID 19)	84.425U	21528042249905	99,443
Total ALN 84.425U			<u>896,777</u>
Total Number 84.425			<u>977,946</u>
Total Passed Through State Department of Education			<u>1,534,926</u>
<u>U. S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
State Pandemic Electronic Benefit Transfer (P-EBT- COVID-19)			
Administrative Costs Grants	10.649	NT4XL1YGLGC5	3,135
Commodity Storage Reimbursement Grant	10.560	NT4XL1YGLGC5	248
Total Passed Through Texas Department of Agriculture			<u>3,383</u>
Total U. S. Department of Agriculture			<u>3,383</u>

TOTAL EXPENDITURES OF FEDERAL AWARDS \$ 3,903,949

The accompanying notes are an integral part of this schedule.

DECATUR INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

Budget

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Decatur Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Decatur Independent School District has elected not to use the 10-percent *de minimis indirect cost rate* allowed under the Uniform Guidance.

Reconciliation

The following table reconciles expenditures per the Schedule of Expenditures of Federal Awards to the federal program revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds

Federal Program Revenues	\$ 4,587,559
Less:	
SHARS	(683,610)
Total Expenditure of Federal Awards	<u>\$ 3,903,949</u>

DECATUR INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2023**

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 9,807,304

