

# Annual Financial & Compliance Report

for the year ended August 31, 2023

CONFIDENT LEARNERS  
**TODAY**

CHANGE MAKERS  
**TOMORROW**

GATORS  
**FOREVER**

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**DICKINSON INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL AND COMPLIANCE REPORT**

PAGE EXHIBIT

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**CERTIFICATE OF BOARD**

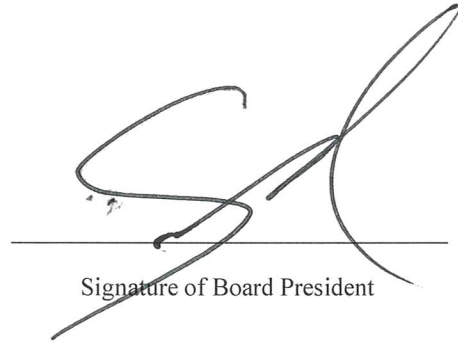
**Dickinson Independent School District**  
Name of School District

**Galveston**  
County

**084-901**  
County-District

We, the undersigned, certify that the attached annual financial and compliance reports of the above named school district were reviewed and  X  approved   disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the 9<sup>th</sup> day of January, 2024.

  
Signature of Board Secretary

  
Signature of Board President

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# **FINANCIAL SECTION**

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**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
DICKINSON INDEPENDENT SCHOOL DISTRICT  
Dickinson, Texas

***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 Dickinson Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 and TRS pension and OPEB schedules on pages 8-15 and 64-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedules required by the Texas Education Agency, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules required by the Texas Education Agency, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic, financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

  
Mays & Associates, PLLC

Baytown, Texas  
January 8, 2024

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

As administrators of the Dickinson Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2023.

**FINANCIAL HIGHLIGHTS**

- The District's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$70,150,007 (*net position*).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$193,338,832, a increase of \$79,697,445 in comparison with the prior year. The increase in overall governmental fund balances was primarily due to the issuance of bonds during the year less capital expenditures, and excess expenditures over revenues in the general fund. Fund balance in the debt service fund increased by \$3,367,439.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,381,346 or 3% of total general fund expenditures; however, total general fund fund balance was \$29,089,336 or 22% of general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

*Management's discussion and analysis* is 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 required supplementary information and other supplementary information in addition to the basic financial statements.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements. The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending. *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the District's self-insurance workers' compensation program. *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.
- The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

The basic financial statements are followed by a section of other *required supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of *management's discussion and analysis* explains the structure and contents of each of the statements.

**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 includes all of the government's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are indicators of whether financial health is improving or deteriorating, respectively. To fully assess the overall health of the District, however, non-financial factors need to be considered as well, such as changes in the District's average daily attendance, its property tax base and the condition of the District's facilities.

The Statement of Activities presents information showing how the District's net position changed during the most

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial statements of the District reflect the governmental activities which are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Student (Pupil) Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Payments to Shared Services Arrangements, and Payments to Juvenile Justice Alternative Education Programs.

**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 legal requirements. 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 the 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 District'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 District's near-term financing decisions. Both the government 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 maintains individual governmental funds for general, special revenue, debt services, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual funds data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service funds, and National School Breakfast and Lunch Program special revenue fund.

**Proprietary Fund**

The District maintains individual internal service funds for life insurance and workers' compensation insurance coverage. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements provide information for the life and workers' compensation insurance funds.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

**Fiduciary Fund**

The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statements (Exhibits E-1 & E-2). We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Fund Balance**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board.
- *Assigned* – includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary 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. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information.

In addition, information related to the District's proportionate share of its net pension liability, net OPEB liability, and contributions to the Teacher Retirement System of Texas is also presented.

**Other Information**

The other supplementary information is presented immediately following the required supplementary information and includes schedules required by the Texas Education Agency.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$70,150,007 at the close of the most recent fiscal year.

The District's net position includes amounts invested in capital assets (e.g., land, building and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. 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.

**COMPARATIVE SCHEDULE OF NET POSITION**

	Governmental Activities		Change
	2023	2022	2023-2022
Current and other assets	\$ 220,133,206	\$ 136,015,121	\$ 84,118,085
Capital assets	<u>301,529,033</u>	<u>267,936,348</u>	<u>33,592,685</u>
<b>Total assets</b>	<u>521,662,239</u>	<u>403,951,469</u>	<u>117,710,770</u>
<b>Deferred outflows of resources</b>	<u>32,965,281</u>	<u>23,545,002</u>	<u>9,420,279</u>
Other liabilities	21,944,917	27,141,360	(5,196,443)
Long-term liabilities	<u>564,906,549</u>	<u>435,156,289</u>	<u>129,750,260</u>
<b>Total liabilities</b>	<u>586,851,466</u>	<u>462,297,649</u>	<u>124,553,817</u>
<b>Deferred inflows of resources</b>	<u>37,926,061</u>	<u>43,390,209</u>	<u>(5,464,148)</u>
Net position:			
Net Investment in Capital Assets	(52,619,673)	(62,802,165)	10,182,492
Restricted	23,890,451	19,701,164	4,189,287
Unrestricted	<u>(41,420,785)</u>	<u>(35,090,386)</u>	<u>(6,330,399)</u>
<b>Total net position</b>	<u>\$ (70,150,007)</u>	<u>\$ (78,191,387)</u>	<u>\$ 8,041,380</u>

Net position is restricted for various purposes as follows:

Federal and state programs	\$ 6,595,186
Debt service	<u>17,295,265</u>
	<u>\$ 23,890,451</u>

Unrestricted net position, which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, amount to (\$41,420,785) at August 31, 2023. Unrestricted net position continues to reflect a deficit balance. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liabilities. The District's liability is reported in governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the pension and TRS-Care plans are funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

**COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION**

	Governmental Activities		Change
	2023	2022	2023-2022
<b>Revenues</b>			
<b>Program revenues:</b>			
Charge for services	\$ 3,439,398	\$ 2,120,964	\$ 1,318,434
Operating grants & contributions	29,211,373	22,565,579	6,645,794
<b>General revenues:</b>			
Property Taxes	83,132,901	74,767,149	8,365,752
State Aid - formula grants	52,265,537	52,534,966	(269,429)
Grants and contributions not restricted	2,011,163	3,106,906	(1,095,743)
Investment earnings	11,079,977	734,582	10,345,395
Other	4,071,995	1,348,034	2,723,961
<b>Total revenues</b>	<u>185,212,344</u>	<u>157,178,180</u>	<u>28,034,164</u>
<b>Expenses:</b>			
Instruction and related services	96,262,452	89,082,588	7,179,864
Instructional and school leadership	13,399,946	12,118,843	1,281,103
Support services - student	25,615,245	23,417,129	2,198,116
Administrative support services	3,789,994	3,445,040	344,954
Support services - non-student based	22,826,989	19,146,758	3,680,231
Ancillary services	707,920	682,617	25,303
Debt service	13,425,822	12,723,509	702,313
Intergovernmental charges	1,142,596	1,074,663	67,933
<b>Total expenses</b>	<u>177,170,964</u>	<u>161,691,147</u>	<u>15,479,817</u>
Increase (decrease) in net position	8,041,380	(4,512,967)	12,554,347
<b>Net position, beginning</b>	(78,191,387)	(73,678,420)	(4,512,967)
<b>Prior Period Adjustment</b>	-	-	-
<b>Net position, ending</b>	<u>\$ (70,150,007)</u>	<u>\$ (78,191,387)</u>	<u>\$ 8,041,380</u>

**Governmental Activities**

The increase in Net Position of \$8,041,380 results primarily from investment earnings and current year operations. The primary objective of these Statements was to improve accounting and financial reporting by state and local governments.

Governments providing defined benefit pension plans and other post-employment benefits were required to recognize their long-term obligation for pension and OPEB benefits as a liability on their accrual-based, government-wide statement of net position. This provides citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

The implementation of these standards clearly depicts the government's financial position. While this information will, in some cases, give the appearance that a government is financially weaker than it was previously, the financial reality of the government's situation will not have changed. Reporting the net pension liability and net OPEB liability on the face of the financial statements will more clearly portray the government's financial status because the pension and OPEB liabilities will be placed on an equal footing with other long-term obligations.

At August 31, 2023, the District reported a net pension liability of \$44,303,387 for its proportionate share of TRS' net pension liability and a net OPEB liability of \$22,757,481 for its proportionate share of the District's Other Post-Employment benefits other than pensions. At August 31, 2022, the District's net pension liability and OPEB liability was \$17,620,876 and \$35,203,857, respectively.



**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

Revenues are generated primarily from the following three sources: property taxes, state-aid formula grants, and operating grants and contributions. When combined (\$164,609,811), these represented 89% of total revenues. The remaining 11% is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction and related services, which represents 54% of total expenses. Support services – student (such as guidance, counseling and evaluation services, student transportation, food services, and extracurricular activities, etc.) represents 14% of total expenses, support services – non-student based (such as facilities maintenance and operations, etc.) represents 13% of total expenses, and the remaining individual functional categories of expenses are each less than 10% of total expenses.

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 a District’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$193,338,832, a increase of \$79,697,445 in comparison with prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,381,346, while total fund balance reached \$29,089,336. As a measure of the general fund’s liquidity, it may be useful to compare unassigned, assigned, committed fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 3% of total general fund expenditures, while assigned fund balance represents 13%, committed fund balance represents 6%, and total fund balance represents 22% of that same amount. The fund balance of the District’s general fund decreased by \$9,030,545 during the current fiscal year. The decrease in fund balance resulted from expenditures exceeding operating revenues.

The debt service fund has total fund balance of \$17,110,279, all of which is restricted for the payment of debt service. Overall, the District’s debt service fund balance increased by \$3,367,439.

The capital projects fund has a total fund balance of \$139,516,003, all of which is restricted for authorized construction and technology projects/enhancements. The increase in fund balance during the current year of \$83,613,442 was due to the issuance of Unlimited Tax Schoolhouse Bonds, Series 2023.

**General Fund Budgetary Highlights**

The District adopted a deficit budget for fiscal year 2023. Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	BUDGET	
	Original	Final
Total revenues	\$ 121,936,213	\$ 123,595,502
Total expenditures	(134,900,438)	(144,373,194)
Other sources and (uses)	5,000	5,000
Net change in fund balance	\$ (12,959,225)	\$ (20,772,692)

There were no significant budget amendments affecting total budgeted revenues. The increase in final budgeted expenditures resulted primarily from budget amendments to increase facilities acquisition and operations (\$8 million).

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

For fiscal year 2023, local and intermediate revenue sources fell below estimates by approximately \$1.4 million. State program revenues were less than District's estimates by approximately \$659 thousand. Federal revenues accounted for in the General Fund was more than the District's estimates by approximately \$13 thousand. Expenditures were less than budgetary estimates by approximately \$12.8 million as instruction and related services, facilities maintenances and operations, and other expenses were less than budgeted amounts. Overall, the general fund fund balance decreased by \$9 million, compared to its projected deficit of \$21 million.

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

The District's investment in capital assets for its governmental type activities, as of August 31, 2023, amounts to \$301,529,033 (net of accumulated depreciation). This investment in capital assets includes land, construction in process, buildings and improvements, furniture and equipment, and library books and media. The total amount invested in capital assets for the current fiscal year was:

Capital Assets	2023	2022
Land	\$ 16,817,988	\$ 16,816,988
Construction in progress	11,689,334	37,418,087
Buildings and improvements	467,046,446	395,932,715
Furniture and equipment	28,106,626	24,558,374
Library books and media	<u>32,389</u>	<u>32,389</u>
Total	523,692,783	474,758,553
Accumulated depreciation	<u>(222,163,750)</u>	<u>(206,822,205)</u>
Net capital assets	<u>\$ 301,529,033</u>	<u>\$ 267,936,348</u>

Additional information of the District's capital assets can be found in the notes to the financial statements.

**Long-term Liabilities**

At the end of the current fiscal year, the District had \$466,390,000 in bonded debt outstanding, a increase of \$104,200,000 over the prior year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "A" and from Moody's Investors Service is "Aa3" for general obligation debt.

Changes in all long-term debt, for the year ended August 31, 2023, are as follows:

Outstanding 9/1/2022	Additions	Reductions	Outstanding 8/31/2023
<u>\$ 362,190,000</u>	<u>\$ 144,585,000</u>	<u>\$ (40,385,000)</u>	<u>\$ 466,390,000</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2023, the current debt limitation for the District is \$639,360,240. The District's outstanding debt of \$466,390,000 less the reserve for the retirement of the debt of \$17,110,279 totals \$449,279,721 leaving a legal debt margin of \$190,080,519. Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

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

- Appraised value used for the 2023-2024 budget preparation was increased by \$1 billion, or 12.0% from the previous year. This increase was due to a property re-evaluation and an increase in construction of new homes.
- The Tax Rate for 2023-2024 is \$1.178 (\$.738 for M&O; \$.44 for I&S), the total tax rate was decreased by \$.116 due to a reduction in M&O.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AUGUST 31, 2023**

- The 2023-2024 general fund operating budget projects spending \$10,995 per student.
- The District's 2023-2024 refined average daily attendance is expected to be 10,800.

Dickinson ISD is classified as a 6A district and has grown consistently for the past several years. The District received a 'superior achievement' rating under the new Financial Integrity Rating System of Texas.

The Board of Trustees sold \$120 million in bonds in 2023. The bond proceeds will be used to build a Pre-K thru 5 campus and a Career and Technology center at Dickinson High School.

The tax rate did not increase due to the bond election.

The District is growing and several residential projects are being developed. Lago Mar, a subdivision with 5,000 to 7,500 residential units is under construction.

The Bay Colony subdivision continues to grow. Other subdivisions, on the west side of the District, have started building and include plans for approximately 550 new residential homes within the next five to seven years.

Restaurants, banks, department stores and businesses within the District continue to be constructed as the business community grows.

The Tuscan Lakes subdivision construction projects of new homes and additional apartments are adding to the growth of the District. More commercial building is in the planning stages for this area.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at Dickinson Independent School District, 2218 FM 517, Dickinson, Texas 77539.

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 32,339,109
1120 Current Investments	168,019,611
1220 Property Taxes - Delinquent	6,248,238
1230 Allowance for Uncollectible Taxes	(2,771,400)
1240 Due from Other Governments	8,180,061
1250 Accrued Interest	6,559,045
1267 Due from Fiduciary Funds	443
1290 Other Receivables, Net	183,764
1300 Inventories	868,464
1410 Prepayments	505,871
Capital Assets:	
1510 Land	16,817,988
1520 Buildings, Net	265,477,546
1530 Furniture and Equipment, Net	7,543,511
1560 Library Books and Media, Net	654
1580 Construction in Progress	11,689,334
1000 Total Assets	521,662,239
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	2,073,126
1705 Deferred Outflow Related to TRS Pension	20,223,675
1706 Deferred Outflow Related to TRS OPEB	10,668,480
1700 Total Deferred Outflows of Resources	32,965,281
<b>LIABILITIES</b>	
2110 Accounts Payable	9,515,355
2140 Accrued Interest	862,713
2160 Accrued Wages Payable	6,070,376
2180 Due to Other Governments	662
2200 Accrued Expenses	5,016,440
2300 Unearned Revenue	479,371
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, etc.	11,390,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, etc.	486,455,681
2540 Net Pension Liability (District's Share)	44,303,387
2545 Net OPEB Liability (District's Share)	22,757,481
2000 Total Liabilities	586,851,466
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	3,156,493
2606 Deferred Inflow Related to TRS OPEB	34,769,568
2600 Total Deferred Inflows of Resources	37,926,061
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	(52,619,673)
Restricted:	
3820 Restricted for Federal and State Programs	6,595,186
3850 Restricted for Debt Service	17,295,265
3900 Unrestricted	(41,420,785)
3000 Total Net Position	\$ (70,150,007)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2023

Net (Expense)  
Revenue and  
Changes in Net  
Position

Data	Program Revenues			6
Control	1	3	4	6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

## GOVERNMENTAL ACTIVITIES:

11	Instruction	\$ 94,596,903	\$ 926,321	\$ 15,764,937	\$ (77,905,645)
12	Instructional Resources and Media Services	1,665,549	-	86,252	(1,579,297)
13	Curriculum and Instructional Staff Development	2,271,083	-	967,929	(1,303,154)
21	Instructional Leadership	2,169,094	-	272,377	(1,896,717)
23	School Leadership	8,959,769	-	522,832	(8,436,937)
31	Guidance, Counseling, and Evaluation Services	4,980,012	-	908,680	(4,071,332)
32	Social Work Services	204,571	-	12,966	(191,605)
33	Health Services	1,430,810	-	88,911	(1,341,899)
34	Student (Pupil) Transportation	7,788,693	-	383,126	(7,405,567)
35	Food Services	7,486,025	1,398,952	7,401,873	1,314,800
36	Extracurricular Activities	3,725,134	1,087,518	55,847	(2,581,769)
41	General Administration	3,789,994	-	133,485	(3,656,509)
51	Facilities Maintenance and Operations	18,901,644	26,607	204,147	(18,670,890)
52	Security and Monitoring Services	1,592,501	-	237,114	(1,355,387)
53	Data Processing Services	2,332,844	-	102,566	(2,230,278)
61	Community Services	707,920	-	43,844	(664,076)
72	Debt Service - Interest on Long-Term Debt	12,410,479	-	1,764,329	(10,646,150)
73	Debt Service - Bond Issuance Cost and Fees	1,015,343	-	-	(1,015,343)
93	Payments Related to Shared Services Arrangements	359,908	-	260,158	(99,750)
95	Payments to Juvenile Justice Alternative Ed. Prg.	202,194	-	-	(202,194)
99	Other Intergovernmental Charges	580,494	-	-	(580,494)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 177,170,964	\$ 3,439,398	\$ 29,211,373	(144,520,193)

Data	General Revenues:		
Control	Taxes:		
Codes			
MT	Property Taxes, Levied for General Purposes		54,869,896
DT	Property Taxes, Levied for Debt Service		28,263,005
SF	State Aid - Formula Grants		52,265,537
GC	Grants and Contributions not Restricted		2,011,163
IE	Investment Earnings		11,079,977
MI	Miscellaneous Local and Intermediate Revenue		3,071,843
E1	Extraordinary Item - resource		1,000,152
TR	Total General Revenues & Extraordinary Items		152,561,573
CN	Change in Net Position		8,041,380
NB	Net Position - Beginning		(78,191,387)
NE	Net Position - Ending		\$ (70,150,007)

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

DICKINSON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data	10	50	60
Control	General	Debt Service	Capital
Codes	Fund	Fund	Projects Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 14,524,179	\$ 3,269,081	\$ 6,022,215
1120 Investments - Current	15,533,737	13,613,426	135,934,926
1220 Property Taxes - Delinquent	4,365,413	1,882,825	-
1230 Allowance for Uncollectible Taxes	(1,936,274)	(835,126)	-
1240 Due from Other Governments	3,452,590	61,140	-
1250 Accrued Interest	205,828	164,632	6,152,447
1260 Due from Other Funds	2,369,792	-	-
1290 Other Receivables	80,097	2,000	-
1300 Inventories	613,809	-	-
1410 Prepayments	303,073	-	-
1000 Total Assets	<u>\$ 39,512,244</u>	<u>\$ 18,157,978</u>	<u>\$ 148,109,588</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,077,507	\$ -	\$ 4,826,664
2160 Accrued Wages Payable	5,911,372	-	-
2170 Due to Other Funds	57	-	-
2180 Due to Other Governments	2	-	-
2200 Accrued Expenditures	4,831	-	3,766,921
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>7,993,769</u>	<u>-</u>	<u>8,593,585</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	2,429,139	1,047,699	-
2600 Total Deferred Inflows of Resources	<u>2,429,139</u>	<u>1,047,699</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	613,809	-	-
3430 Prepaid Items	303,073	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	139,516,003
3480 Retirement of Long-Term Debt	-	17,110,279	-
Committed Fund Balance:			
3510 Construction	6,000,000	-	-
3530 Capital Expenditures for Equipment	500,000	-	-
3545 Other Committed Fund Balance	1,800,000	-	-
Assigned Fund Balance:			
3550 Construction	10,000,000	-	-
3570 Capital Expenditures for Equipment	340,000	-	-
3580 Self-Insurance	300,000	-	-
3590 Other Assigned Fund Balance	5,851,108	-	-
3600 Unassigned Fund Balance	3,381,346	-	-
3000 Total Fund Balances	<u>29,089,336</u>	<u>17,110,279</u>	<u>139,516,003</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 39,512,244</u>	<u>\$ 18,157,978</u>	<u>\$ 148,109,588</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,989,758	\$ 31,805,233
-	165,082,089
-	6,248,238
-	(2,771,400)
4,666,331	8,180,061
-	6,522,907
57	2,369,849
101,182	183,279
254,655	868,464
202,798	505,871
<u>\$ 13,214,781</u>	<u>\$ 218,994,591</u>
\$ 2,583,183	\$ 9,487,354
159,004	6,070,376
2,369,349	2,369,406
660	662
-	3,771,752
479,371	479,371
<u>5,591,567</u>	<u>22,178,921</u>
-	3,476,838
-	3,476,838
123,385	737,194
-	303,073
6,471,801	6,471,801
-	139,516,003
-	17,110,279
-	6,000,000
-	500,000
1,028,028	2,828,028
-	10,000,000
-	340,000
-	300,000
-	5,851,108
-	3,381,346
<u>7,623,214</u>	<u>193,338,832</u>
<u>\$ 13,214,781</u>	<u>\$ 218,994,591</u>

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DICKINSON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$ 193,338,832
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of these assets is \$523,692,783 and the accumulated depreciation is \$222,163,750. The effect of including the capital assets (net of depreciation) in the governmental activities is to increase net position. (See Note 6.)	301,529,033
2 Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. The effect of these long-term liabilities is a decrease to net position. (See Note 7.)	(497,845,681)
3 Recognizing unearned revenue (property taxes) as revenue in the government-wide statements to convert from modified accrual basis of accounting to the accrual basis of accounting. The net effect is an increase to net position.	3,476,838
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$44,303,387, a deferred resource inflow related to TRS in the amount of \$3,156,493 and a deferred resource outflow related to TRS in the amount of \$20,223,675. The net effect of these pension related items is a decrease to net position. (See Note 10.)	(27,236,205)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75 in the amount of \$22,757,481, a deferred inflow related to TRS OPEB in the amount of \$34,769,568, and a deferred resource outflow related to TRS OPEB in the amount of \$10,668,480. The net effect of these OPEB related items is a decrease to net position. (See Note 11.)	(46,858,569)
6 The District uses internal service funds to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	2,235,332
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include eliminating interfund transactions, accrued interest, and recognizing the bond components associated with outstanding debt. Deferred charges on refundings are not financial resources and therefore, are not reported in governmental funds. Deferred charges are amortized over the life of the debt. The net effect is an increase to net position.	1,210,413
<b>19 Net Position of Governmental Activities</b>	\$ (70,150,007)

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

DICKINSON 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	60 Capital Projects Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 59,487,927	\$ 28,988,431	\$ 8,557,706
5800 State Program Revenues	59,312,582	1,168,731	-
5900 Federal Program Revenues	2,723,291	-	-
5020 Total Revenues	<u>121,523,800</u>	<u>30,157,162</u>	<u>8,557,706</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	76,233,827	-	-
0012 Instructional Resources and Media Services	1,476,279	-	-
0013 Curriculum and Instructional Staff Development	1,157,727	-	-
0021 Instructional Leadership	1,772,384	-	-
0023 School Leadership	7,860,242	-	-
0031 Guidance, Counseling, and Evaluation Services	3,886,154	-	-
0032 Social Work Services	176,659	-	-
0033 Health Services	1,286,043	-	-
0034 Student (Pupil) Transportation	8,168,739	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,925,047	-	-
0041 General Administration	3,556,264	-	-
0051 Facilities Maintenance and Operations	17,153,209	-	-
0052 Security and Monitoring Services	1,271,415	-	-
0053 Data Processing Services	2,201,486	-	-
0061 Community Services	603,422	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	12,445,000	-
0072 Interest on Long-Term Liabilities	-	14,245,571	-
0073 Bond Issuance Cost and Fees	-	1,015,343	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	987,508	-	44,944,264
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	99,750	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	202,194	-	-
0099 Other Intergovernmental Charges	580,494	-	-
6030 Total Expenditures	<u>131,598,843</u>	<u>27,705,914</u>	<u>44,944,264</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,075,043)</u>	<u>2,451,248</u>	<u>(36,386,558)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	27,940,000	-
7911 Capital Related Debt Issued	-	116,645,000	-
7912 Sale of Real and Personal Property	64,545	-	-
7915 Transfers In	-	-	120,000,000
7916 Premium or Discount on Issuance of Bonds	-	4,271,191	-
8911 Transfers Out (Use)	-	(120,000,000)	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(27,940,000)	-
8949 Other (Uses)	(20,199)	-	-
7080 Total Other Financing Sources (Uses)	<u>44,346</u>	<u>916,191</u>	<u>120,000,000</u>
<b>EXTRAORDINARY ITEMS:</b>			
7919 Extraordinary Item - Resource	1,000,152	-	-
1200 Net Change in Fund Balances	(9,030,545)	3,367,439	83,613,442
0100 Fund Balance - September 1 (Beginning)	38,119,881	13,742,840	55,902,561
3000 Fund Balance - August 31 (Ending)	<u>\$ 29,089,336</u>	<u>\$ 17,110,279</u>	<u>\$ 139,516,003</u>

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

Nonmajor Governmental Funds		Total Governmental Funds	
\$	3,568,025	\$	100,602,089
	1,981,266		62,462,579
	22,467,659		25,190,950
	28,016,950		188,255,618
	15,117,931		91,351,758
	90,832		1,567,111
	960,537		2,118,264
	304,185		2,076,569
	616,082		8,476,324
	836,798		4,722,952
	9,540		186,199
	67,410		1,353,453
	-		8,168,739
	7,045,481		7,045,481
	527,335		3,452,382
	753		3,557,017
	80,381		17,233,590
	241,390		1,512,805
	70,105		2,271,591
	40,923		644,345
	-		12,445,000
	-		14,245,571
	-		1,015,343
	-		45,931,772
	260,158		359,908
	-		202,194
	-		580,494
	26,269,841		230,518,862
	1,747,109		(42,263,244)
	-		27,940,000
	-		116,645,000
	-		64,545
	-		120,000,000
	-		4,271,191
	-		(120,000,000)
	-		(27,940,000)
	-		(20,199)
	-		120,960,537
	-		1,000,152
	1,747,109		79,697,445
	5,876,105		113,641,387
\$	7,623,214	\$	193,338,832

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 79,697,445
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities. The net effect of this consolidation is to decrease net position.	(14,837)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing current year capital outlays is an increase to net position. (See Note 6.)	48,945,721
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position. (See Note 6.)	(15,353,036)
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas this amount is deferred and amortized in the statement of activities. The net effect is to decrease net position. (See Note 7.)	(106,054,125)
Changes in the District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the Teacher Retirement System of Texas for the current year are not reported in governmental funds but are reported in the Statement of Activities. The net effect of all these changes is a decrease to net position.	(2,045,124)
Changes in the District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Texas Public Retired Employees Group Insurance Program (TRS-Care) for the current year are not reported in the governmental funds but are reported in the Statement of Activities. The net effect of all these changes is an increase to net position.	3,035,604
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating inter-fund transactions, recognizing the net effect of retirement of capital assets, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(170,268)
<b>Change in Net Position of Governmental Activities</b>	\$ 8,041,380

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

DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2023

	Governmental Activities -
	Total Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 533,876
Investments - Current	2,937,522
Accrued Interest	36,138
Other Receivables	485
	3,508,021
Total Assets	3,508,021
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	28,001
Accrued Expenses	1,244,688
	1,272,689
Total Liabilities	1,272,689
<b>NET POSITION</b>	
Unrestricted Net Position	2,235,332
Total Net Position	\$ 2,235,332

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

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 740,761
Total Operating Revenues	740,761
OPERATING EXPENSES:	
Professional and Contracted Services	367,684
Other Operating Costs	503,471
Total Operating Expenses	871,155
Operating Income (Loss)	(130,394)
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	115,557
Total Nonoperating Revenues (Expenses)	115,557
Change in Net Position	(14,837)
Total Net Position - September 1 (Beginning)	2,250,169
Total Net Position - August 31 (Ending)	\$ 2,235,332

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

DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT D-3

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 740,276
Cash Payments for Insurance Claims	(621,805)
Net Cash Provided by Operating Activities	118,471
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(2,937,522)
Interest and Dividends on Investments	79,419
Net Cash Provided by (Used for) Investing Activities	(2,858,103)
Net Decrease in Cash and Cash Equivalents	(2,739,632)
Cash and Cash Equivalents at Beginning of Year	3,273,508
Cash and Cash Equivalents at End of Year	\$ 533,876
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (130,394)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(485)
Increase (decrease) in Accounts Payable	(6,905)
Increase (decrease) in Accrued Expenses	256,255
Net Cash Provided by Operating Activities	\$ 118,471

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

DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2023

	Total Custodial Funds
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ASSETS	
Cash and Cash Equivalents	\$ 260,374
Investments - Current	152,233
Accrued Interest	5,192
Total Assets	<u>417,799</u>
LIABILITIES	
Accounts Payable	40,782
Due to Other Funds	443
Due to Other Governments	240
Total Liabilities	<u>41,465</u>
NET POSITION	
Restricted for Student Groups	<u>376,334</u>
Total Net Position	<u><u>\$ 376,334</u></u>

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



DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

	Total Custodial Funds
<b>ADDITIONS:</b>	
Enterprising Services Revenue	\$ 770,694
Earnings from Temporary Deposits	9,153
Total Additions	779,847
<b>DEDUCTIONS:</b>	
Supplies and Materials	784,581
Total Deductions	784,581
Change in Fiduciary Net Position	(4,734)
Total Net Position - September 1 (Beginning)	381,068
Total Net Position - August 31 (Ending)	\$ 376,334

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

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Dickinson Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69, as amended by Statement on Auditing Standards No.'s 91 and 93* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

**Reporting entity** – The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity*”: *Omnibus – an amendment by GASB Statements No. 14 and 34*. There are no component units or entities for which the District is considered financially accountable included within the reporting entity.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** – The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** – During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds, which are presented in separate columns. Nonmajor governmental funds are aggregated and presented in a single column. Separate financial statements are provided for proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

The District reports the following major governmental fund types:

- The *general fund* is the District's primary operating fund. This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in another fund are included here.
- The *debt service fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.
- The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and equipment purchases.
- The nonmajor governmental funds of the District account for grants and other resources of the District whose uses are restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the food service and campus activity funds, funds are rolled over from year to year for use in the program.

**Proprietary Fund**

The District utilizes internal service fund accounts for workers' compensation services provided to other funds and/or employees of the District on a cost reimbursement basis. Proprietary funds distinguish operating revenue and expense from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds for self-funded workers' compensation services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The general fund is contingently liable for liabilities of the internal service fund. Sub-fund accounting is employed to maintain the integrity of the self-insurance activities of the District. See Note 14 for additional discussion of the District's self-insurance plan.

**Fiduciary Funds**

The District utilizes *custodial funds* to account for the resources raised by student groups and various other campus organizations received by the District in a custodial capacity that do not constitute District property. However, the District's role is considered to be substantive because in the absence of an approved policy, the faculty advisor has the ability to reject, modify, or approve how the resources are being spent.

**Measurement Focus**

**Government-Wide Financial Statements** - The government-wide financial statements are prepared using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets and deferred outflows of resources, and liabilities and deferred inflows of resources associated with the operation of the District are included in the statement of net position.

**Fund Financial Statements** - Governmental fund financial statements are prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, and fund balances are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues – Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized. Tax revenues are considered available when collected.

**Unearned Revenues**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes for which there is an enforceable legal claim as of January 1, but which were levied to current fiscal year operations, are recorded as deferred inflows of resources in the fund financial statements. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue in both the government-wide and fund financial statements.

In governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**Deposits and Investments**

Under Texas state law, a bank serving as the school depository must have a bond, or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, in an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

Investments in local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Investments with maturities of 12 months or less at the date of purchase are held at amortized cost and net asset value (NAV). Investments with maturities exceeding 12 months at the date of purchase are stated at fair value based on quoted market prices at year-end date.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology are quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. At August 31, 2023, the District had no investments subject to fair value measurement.

**Inter-fund Assets/Liabilities**

In the fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "Due from/(to) other funds". Inter-fund balances within governmental activities are eliminated on the government-wide statement of net assets. (See Note 5 for additional discussion of inter-fund receivables and payables.)

**Capital Assets**

Capital assets, which include land, buildings and improvements, and furniture and equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated cost if purchased or self-constructed. Donated capital assets are recorded at estimated fair 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives: (See Note 6.)

Assets	Years
Buildings and improvements	5-30
Building equipment	5-15
Buses and vehicles	5-10
Office equipment	5-15
Library books and media	10

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**Prepayments (i.e., Deferred Expenditures/Expenses)**

Certain payments to vendors reflect costs applicable to the next fiscal period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method and are recognized as expenditures/expenses proportionately over the periods in which the services are provided.

**Inventories**

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations.

**Long-Term Obligations**

The District's long-term obligations consist of bonded indebtedness and compensated absences. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences are accounted for in the general fund.

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In addition to the State sick leave program, certain employees are entitled to sick leave benefits under the District's local sick leave program. Individuals whose date of employment is prior to September 1, 1989 are eligible for sick leave upon resignation, retirement, death or termination. Under the local sick leave policy, eligible employees may earn up to 6.5 local days per year. (See Note 7.)

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported as long-term liabilities on the statement of net position.

**Pensions**

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

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**Other Post-Employment Benefits (OPEB)**

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

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources are reported in the statement of net position and balance sheet as described below:

*A deferred outflow of resources* is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred outflow of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred outflow of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. 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 OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan.

*A deferred inflow of resources* in an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflow of resources for pension – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life of all members.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**Net Position**

Net Position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications used in the government-wide financial statements are as follows:

- *Net position invested in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- *Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted net position* – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Budgetary Data**

The Board adopts an “appropriated budget” for the General Fund, the Child Nutrition Program (which is included in the Nonmajor Governmental Funds) and the Debt Service Fund. The District compares the final amended budget to actual revenues and expenditures. The Budgetary Comparison Schedules appear in Exhibits G-1, J-2, and J-3.

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

- a) Prior to August 20, the District prepares an operating budget for the next succeeding fiscal year beginning September 1. The 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. At least ten day’s public notice of the meeting must be given.
- c) Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end.
- d) Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
- e) 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 canceled or appropriately provided for in the subsequent year’s budget.

**Fund Balance**

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. The government fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective government funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. (Inventories and Prepaid Items are considered nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.)



**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

- *Restricted* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – includes amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. A fund balance commitment is further indicated in the budget document as a commitment of the fund. The District has committed 100 percent of Fund 461 Campus Activity Funds’ fund balance.
- *Assigned* – includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent or Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the *general fund*.
- *Unassigned* – includes the residual fund balance for amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the *general fund*. The *Unassigned* classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of *Assigned* fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Administration to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation and available school revenue a school district earns for a year, can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of August 31 will change and those changes could be material. The District receives approximately 33% of total governmental revenues from the State of Texas.

**Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**3. DEPOSITS AND INVESTMENTS**

A summary of the District’s cash and investments at August 31, 2023 is shown below:

	Cash and Deposits	Investment Pools	Total Cash & Cash Equivalents	Investments	Total Cash & Investments
Governmental funds:					
General fund	\$ 3,559,698	\$ 10,964,481	\$ 14,524,179	\$ 15,533,737	\$ 30,057,916
Debt service fund	675,283	2,593,798	3,269,081	13,613,426	16,882,507
Capital projects fund	110,035	5,912,180	6,022,215	135,934,926	141,957,141
Nonmajor governmental funds	<u>1,504,754</u>	<u>6,485,004</u>	<u>7,989,758</u>	<u>-</u>	<u>7,989,758</u>
Total governmental funds	<u>5,849,770</u>	<u>25,955,463</u>	<u>31,805,233</u>	<u>165,082,089</u>	<u>196,887,322</u>
Proprietary funds	<u>531,563</u>	<u>2,313</u>	<u>533,876</u>	<u>2,937,522</u>	<u>3,471,398</u>
Fiduciary funds	<u>260,130</u>	<u>244</u>	<u>260,374</u>	<u>152,233</u>	<u>412,607</u>
Total cash and investments	<u>\$ 6,641,463</u>	<u>\$ 25,958,020</u>	<u>\$ 32,599,483</u>	<u>\$ 168,171,844</u>	<u>\$ 200,771,327</u>

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District’s and depository bank’s agent bank. The pledged securities are approved by the TEA and shall be 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.

At August 31, 2023, the carrying amount of the District’s deposits (cash and deposits) was \$6,641,463 and the bank balance was \$6,748,440. The District’s cash deposits at August 31, 2023 were entirely covered by FDIC insurance, by pledged collateral held by the depository bank’s agent bank in the District’s name or irrevocable letters of credit.

The Public Funds Investment Act (Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) securities lending programs, (6) repurchase agreements, (7) bankers acceptances, (8) mutual funds, (9) investment pools, and (10) guaranteed investment contracts.

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As of August 31, 2023, the District had the following investments:

Investment Type:	Rating	Value at August 31, 2023	Fair Value Measurements Using:			Percent of Portfolio	WAM (Days/Years)
			(Level 1)	(Level 2)	(Level 3)		
Cash in Bank		\$ 6,641,463				3%	
<i>Cash equivalents measured at amortized costs:</i>							
LOGIC	AAA	4,855,064				2%	< 365 days
TexasTERM (daily)	AAAm	2,626,733				1%	< 365 days
TexasCLASS	AAAm	10,819,258				5%	< 365 days
TX-FIT	AAAF/S1	7,656,965				4%	< 365 days
Cash and cash equivalents - subtotal		32,599,483					
<i>Investments measured at cost not subject to level reporting:</i>							
Certificates of depositis	Unrated	5,324,321				3%	< 365 days
TX-FIT (choice pool)	AAAF	135,934,926				68%	< 270 days
TexasTERM (fixed)	AAAF	26,912,597				13%	< 365 days
Investments - subtotal		168,171,844	-	-	-		
Total cash & investments		\$ 200,771,327	\$ -	\$ -	\$ -	100%	

The Texas Cooperative Liquid Assets Securities System (TexasCLASS), Texas Fixed Income Trust (TX-FIT), Local Government Investment Pool (TexasDAILY), and Local Government Investment Cooperative (LOGIC) are local government investment “pools” organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. 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.

The District’s investments in, TexasCLASS, TX-FIT, TexasDAILY and LOGIC are reported at amortized cost. Deposits and withdrawals can be made on any business day of the week. The pools have a redemption notice of one day, which may be redeemed daily. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pools liquidity. There are no limits on the number of accounts a participant can have or the number of transactions. The District has no unfunded commitments related to the pools.

The District’s investment in TexasTERM and TX-FIT is a fixed-rate, fixed-term portfolio rated AA AF by Fitch, that enables investors to lock in a fixed rate for a term of 60 days to 365 days.

The District’s management believes that it has complied with the requirements of the Act and with local policies.

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

1) **Credit Risk**

State law and the District’s investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2023, the District’s investments in TexasCLASS and TexasDAILY are rated AA Am, TX-FIT is rated AA AF, and LOGIC and is rated AAA by Standard and Poor’s.

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**2) 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 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 not exposed to credit risk.

**3) Concentration of Credit Risk**

The District’s investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer. At year end, the District was not exposed to concentration of credit risk.

**4) Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within the legal limits. The weighted average maturity for the District’s investment in external investment pools is less than 60 days. In addition, the District shall not directly invest in an individual security maturing more than twelve months from the time of purchase.

**4. RECEIVABLES**

Receivables as of year end for the District’s individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total
Property taxes	\$ 4,365,413	\$ 1,882,825	\$ -	\$ 6,248,238
Due from other governments-state	3,243,722	-	1,340,550	4,584,272
Due from other governments-federal	89,943	-	3,325,781	3,415,724
Due from other governments-other	118,925	61,140	-	180,065
Subtotal - due from other governments	3,452,590	61,140	4,666,331	8,180,061
Other receivables	80,097	2,000	101,182	183,279
Gross receivables	7,898,100	1,945,965	4,767,513	14,611,578
Less: allowance for uncollectibles	(1,936,274)	(835,126)	-	(2,771,400)
Net total receivables	<u>\$ 5,961,826</u>	<u>\$ 1,110,839</u>	<u>\$ 4,767,513</u>	<u>\$ 11,840,178</u>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2023, are summarized above. All federal grants shown above are passed through the TEA and are reported in the financial statements as Due from Other Governments.

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Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes (General Fund)	\$ 2,429,139	\$ -	\$ 2,429,139
Delinquent property taxes (Debt Service Fund)	1,047,699	-	1,047,699
Funds received prior to meeting all eligibility requirements: (Nonmajor Governmental Funds)	-	479,371	479,371
<b>Total unearned revenue</b>	<b>\$ 3,476,838</b>	<b>\$ 479,371</b>	<b>\$ 3,956,209</b>

**Property Taxes**

The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the property tax roll, upon which the levy for the 2022-2023 fiscal year was based, was \$6.4 billion.

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt, were \$0.8540 and \$0.44000 per \$100 valuation, respectively, for a total of \$1.294 per \$100 valuation.

Current tax collections for the year ended August 31, 2023 were 98% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The property taxes receivable allowance is equal to 44% of outstanding property taxes receivable at August 31, 2023. A significant portion of delinquent taxes outstanding at any fiscal year end is generally not collected in the ensuing fiscal year. Uncollectible personal property taxes are periodically reviewed and written off. Under Sec. 3305 of the Texas Property Code, the District can cancel and remove from the delinquent tax roll, tax on real property that has been delinquent for more than 20 years or tax on personal property that has been delinquent for more than 10 years if there is no pending litigation concerning the delinquent taxes at the time of cancellation and removal.

**5. INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Inter-fund balances consist of short-term lending/borrowing arrangements between two or more governmental funds. The composition of inter-fund balances as of August 31, 2023, is as follows:

Fund	Receivable	Payable
General Fund:		
Nonmajor Governmental Funds	\$ 2,369,349	\$ 57
Fiduciary Funds	443	-
Nonmajor Governmental Funds:		
General Fund	57	2,369,349
Fiduciary Funds		
General Fund	-	443
	<u>\$ 2,369,849</u>	<u>\$ 2,369,849</u>

District activities in the Nonmajor Governmental Funds (Special Revenue Funds) include expenditures paid from a centralized-pooled operating bank account maintained in the General Fund. Since all cash transactions flow through this account, each fund carries a receivable/payable balance with the General Fund. All balances will be repaid within one year.

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Inter-fund transfers in the fund financial statements at August 31, 2023, consisted of the following:

Transfers from	Transfers to	Amount
Debt Service Fund	Capital Projects Fund	\$ 120,000,000

The District transferred bond proceeds totaling \$120,000,000 from the debt service fund to the capital projects fund for construction related expenditures.

**6. CAPITAL ASSETS**

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

Governmental activities:	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Capital assets, not being depreciated:</b>					
Land	\$ 16,816,988	\$ 1,000	\$ -	\$ -	\$ 16,817,988
Construction in progress	37,418,087	11,143,986	-	(36,872,739)	11,689,334
Total Capital Assets, not depreciated	54,235,075	11,144,986	-	(36,872,739)	28,507,322
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	395,932,715	34,240,992	-	36,872,739	467,046,446
Furniture and equipment	24,558,374	3,559,743	(11,491)	-	28,106,626
Library books and media	32,389	-	-	-	32,389
Total Capital Assets, being depreciated	420,523,478	37,800,735	(11,491)	36,872,739	495,185,461
<b>Less accumulated depreciation for:</b>					
Buildings and improvements	(187,464,488)	(14,104,412)	-	-	(201,568,900)
Furniture and equipment	(19,328,604)	(1,246,002)	11,491	-	(20,563,115)
Library books and media	(29,113)	(2,622)	-	-	(31,735)
Total accumulated depreciation	(206,822,205)	(15,353,036)	11,491	-	(222,163,750)
Capital assets, net	\$ 267,936,348	\$ 33,592,685	\$ -	\$ -	\$ 301,529,033

Depreciation expense was charged to governmental functions as follows:

11 Instruction	\$ 9,010,616
12 Instructional resources and media services	154,621
13 Curriculum and instructional staff development	209,002
21 Instructional leadership	204,888
23 School leadership	836,329
31 Guidance, counseling, & evaluation services	465,997
32 Social work services	18,372
33 Health services	133,540
34 Student (pupil) transportation	805,981
35 Food services	694,242
36 Extracurricular activities	340,634
41 General administration	342,099
51 Facilities maintenance and operations	1,699,747
52 Security and monitoring services	149,263
53 Data processing services	224,130
61 Community services	63,575
Total depreciation expense - governmental activities	\$ 15,353,036

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
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**7. LONG-TERM LIABILITIES**

**General Obligation Bonds**

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Principal and interest requirements are payable solely from future revenues of the debt service fund which consists primarily of property taxes collected by the District and interest earnings. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures. The District has never defaulted on any principal or interest payment.

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through 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.

Long-term liabilities include current interest bonds, term bonds, variable bonds, and capital appreciation bonds (CAB). State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. For the fiscal year ended August 31, 2023, the current debt limitation for the District is \$639,360,240. The District's outstanding debt of \$466,390,000 less the reserve for the retirement of the debt of \$17,110,279 totals \$449,279,721 leaving a legal debt margin of \$190,080,519.

There are a number of limitations and restrictions contained in the general obligation debt indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2023.

Bonded debt as of August 31, 2023 is as follows:

Description	Interest Rate Payable	Maturity Date	Original Issue	Outstanding
Unlimited Tax Schoolhouse & Refunding Bonds, Series 2000	5.40-6.05%	02/15/28	\$ 26,297,916	\$ 10,105,000
Unlimited Tax Schoolhouse Bonds, Series 2008	4.625-4.75%	02/15/33	30,000,000	485,000
Unlimited Tax Schoolhouse Bonds, Taxable Series 2010B	5.941-6.011%	02/15/38	30,000,000	30,000,000
Variable Rate Unlimited Tax Refunding Bonds, Series 2013	Variable	08/01/37	27,940,000	27,940,000
Unlimited Tax Refunding Bonds, Series 2013	1.875-5.00%	02/15/30	23,360,000	3,285,000
Unlimited Tax Schoolhouse Bonds, Series 2014	4.00-5.00%	02/15/44	54,755,000	50,295,000
Unlimited Tax Refunding Bonds, Series 2014	5.00%	02/15/32	63,505,000	39,670,000
Unlimited Tax Schoolhouse Bonds, Series 2016A	2.00%-5.00%	02/15/49	64,475,000	61,525,000
Unlimited Tax Refunding Bonds, Series 2016B	3.00%-5.00%	02/15/33	27,720,000	27,720,000
Unlimited Tax Refunding Bonds, Series 2019	4.00%	02/15/34	12,965,000	12,965,000
Unlimited Tax Schoolhouse Bonds, Series 2021	2.00%-5.00%	02/15/51	86,140,000	85,755,000
Unlimited Tax Schoolhouse Bonds, Series 2023	4.00-5.00%	02/15/53	116,645,000	116,645,000
			\$ 563,802,916	\$ 466,390,000

*Variable Rate Terms* – In August 2021, outstanding bonds totaling \$27,940,000 were remarketed to a term rate (3.50%) for a period of two years through August 31, 2025. Thereafter, the bonds will bear interest in a mode and at a rate determined by the remarketing agent (JP Morgan Securities LLC) and may change at the District's option from time to time to (a) a weekly or term rate of a different duration or (b) a flexible rate not to exceed the lesser of (i) 7% per annum, or (ii) the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended. In addition, at the option of the District, the bonds bearing interest at a variable rate or flexible rate may be converted in whole or in part to a fixed rate to their maturity.

In July 2023, the District issued Unlimited Tax Schoolhouse Bonds, Series 2023 totaling \$116,645,000. The bonds were issued at a net premium of \$4,271,191 and issuance costs of \$916,191. The bonds bear interest from 4.0% to 5.00% and are due in annual installments ranging from \$1,910,000 to \$6,945,000 through February 15, 2053. Proceeds from the sale of bonds will be used (i) the construction, acquisition, and equipment of school facilities, including a new PK-5 education complex, a new career and technical education facility and upgrades to existing CTE space at Dickinson High School, and District-wide safety and security upgrades and (ii) paying costs of issuance related to the Bonds.

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The following is a summary of changes in the District's total governmental long-term liabilities for the year ended August 31, 2023:

	Beginning			Ending		Due within one year
	Balance	Additions	Deletions	Balance		
<b>Bonds payable:</b>						
Unlimited tax schoolhouse & refunding bonds, series 2000	\$ 11,785,000	\$ -	\$ (1,680,000)	\$ 10,105,000	\$ 1,785,000	
Unlimited tax schoolhouse bonds, series 2008	690,000	-	(205,000)	485,000	185,000	
Unlimited tax schoolhouse bonds, taxable series 2010B	30,000,000	-	-	30,000,000	-	
Variable rate unlimited tax refunding bonds, series 2013	27,940,000	27,940,000	(27,940,000)	27,940,000	-	
Unlimited tax refunding bonds, series 2013	7,665,000	-	(4,380,000)	3,285,000	1,465,000	
Unlimited tax schoolhouse bonds, series 2014	51,110,000	-	(815,000)	50,295,000	855,000	
Unlimited tax refunding bonds, series 2014	43,650,000	-	(3,980,000)	39,670,000	4,180,000	
Unlimited tax schoolhouse bonds, series 2016A	62,525,000	-	(1,000,000)	61,525,000	1,035,000	
Unlimited tax refunding bonds, series 2016B	27,720,000	-	-	27,720,000	-	
Unlimited tax refunding bonds, series 2019	12,965,000	-	-	12,965,000	-	
Unlimited tax schoolhouse bonds, series 2021	86,140,000	-	(385,000)	85,755,000	1,885,000	
Unlimited Tax Schoolhouse Bonds, Series 2023	-	116,645,000	-	116,645,000	-	
	<u>362,190,000</u>	<u>144,585,000</u>	<u>(40,385,000)</u>	<u>466,390,000</u>	<u>11,390,000</u>	
<b>Deferred amounts:</b>						
Accumulated accretion on capital appreciation bonds	2,726,904	155,198	(775,000)	2,107,102	-	
Premium on issuance of bonds	27,036,216	4,271,191	(1,820,620)	29,486,787	-	
Discount on issuance of bonds	(169,828)	-	30,876	(138,952)	-	
Total bonds payable	<u>391,783,292</u>	<u>149,011,389</u>	<u>(42,949,744)</u>	<u>497,844,937</u>	<u>11,390,000</u>	
<b>Other liabilities:</b>						
Net pension liability	17,620,876	26,682,511	-	44,303,387	-	
Net OPEB liability	35,203,857	-	(12,446,376)	22,757,481	-	
Compensated absences	8,264	-	(7,520)	744	-	
Total other liabilities	<u>52,832,997</u>	<u>26,682,511</u>	<u>(12,453,896)</u>	<u>67,061,612</u>	<u>-</u>	
<b>Governmental activities long-term liabilities</b>	<u>\$ 444,616,289</u>	<u>\$ 175,693,900</u>	<u>\$ (55,403,640)</u>	<u>\$ 564,906,549</u>	<u>\$ 11,390,000</u>	

Debt service requirements to maturity are as follows:

Year Ended	General Obligation Bonds		Total Requirements
	Principal	Interest	
August 31			
2024	\$ 11,390,000	\$ 19,639,930	\$ 31,029,930
2025	13,165,000	19,728,831	32,893,831
2026	15,040,000	17,991,705	33,031,705
2027	14,915,000	17,254,231	32,169,231
2028	15,665,000	16,505,830	32,170,830
2029-2033	93,060,000	70,995,905	164,055,905
2034-2038	118,940,000	47,835,970	166,775,970
2039-2043	67,505,000	27,299,494	94,804,494
2044-2048	68,310,000	14,573,402	82,883,402
2049-2053	48,400,000	3,965,193	52,365,193
	<u>\$ 466,390,000</u>	<u>\$ 255,790,491</u>	<u>\$ 722,180,491</u>

**Build America Bonds**

In February 2009, as part of the American Recovery and Reinvestment Act of 2009, Congress added Sections 54AA and 6431 to the Internal Revenue Code of 1986, which permit state and local governments to obtain certain tax advantages when issuing taxable obligations that meet certain requirements of the Code and the related Treasury regulations. Such obligations are referred to as Build America Bonds.

In April 2010, the District issued Unlimited Tax Schoolhouse Bonds, Taxable Series 2010B Bonds in the amount of \$30,000,000 under the Build America Bonds program. Under this program, the District receives semi-annual subsidies equal to 35% of the interest it pays on the bonds. The subsidy payments received by the District will not be pledged as security for the payment of the Series 2010B Bonds and no holder of the Series 2010B Bonds will be entitled to a tax credit or any subsidy payment with respect to the Series 2010B Bonds. The District intends to use the subsidy payments for any lawful purpose, which may include payment of principal and interest on the Series 2010B



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Bonds. For fiscal year ended August 31, 2023, the District received \$595,598 in such subsidies. The amount received was recorded as federal revenue in the General Fund.

**Accreted Interest on Capital Appreciation Bonds**

With capital appreciation bonds, the interest is paid upon maturity of the bonds. In order to properly reflect the amounts payable on these bonds, the annual interest is added to the long-term liabilities as accretion of interest on capital appreciation bonds.

The interest on these obligations will be paid upon maturity in the fiscal years ending 2024-2025. The values associated with these bonds are reflected in the following table:

	Maturity Value of Bonds	Stated Bond Principal Amount	Accreted Interest on Bonds	Accreted Value of Bond at Year-End
Unlimited tax schoolhouse bonds, series 2008	\$ 2,750,000	\$ 690,000	\$ 2,107,102	\$ 2,797,102
Total	<u>\$ 2,750,000</u>	<u>\$ 690,000</u>	<u>\$ 2,107,102</u>	<u>\$ 2,797,102</u>

**Defeased Debt**

In prior years, the District defeased certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District’s financial statements. At August 31, 2023, bonds outstanding of \$52,285,000 were considered defeased.

**Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of August 31, 2023.

**8. LEASES**

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government’s leasing activities. The requirements of this statement were originally effective for the reporting periods beginning after December 31, 2019; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods after June 15, 2021, with earlier application encouraged.

GASB 87 had no significant impact to the District’s financial statements, therefore are not present within the disclosures.

**9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). Under GASB 96, a SBITA is defined as a contract that conveys controls 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 subscription term includes the

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period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, with earlier application encouraged.

GASB 96 had no significant impact to the District’s financial statements, therefore are not present within the disclosures.

**10. DEFINED PENSION BENEFIT PLAN**

*Plan Description.* The District participates in a cost-sharing multiple employer defined benefit pension plan that has a special funding situation. The pension plan is administered by the 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 plan 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 plan’s Board of Trustees does not have the authority to establish or amend benefit terms.

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

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

Components of the net pension liability of the pension plan as of August 31, 2022 are as follows:

Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	<u>\$ 59,367,428,259</u>
Net Position as Percentage of Total Pension Liability	75.62%

*Benefits Provided.* TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are 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 under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

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

*Contributions.* Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the

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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 pension plan 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 thru 2025.

	Contribution Rates	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (NECE) (State)	7.75%	8.0%
Employers	7.75%	8.0%
2023 Employer Contributions		\$ 4,117,712
2023 Member Contributions		\$ 8,234,517
2022 (measurement year) NECE On-Behalf Contributions		\$ 4,949,891

Contributors to the pension 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).

The State's on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

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 a 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.

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*Actuarial Assumptions.* The total pension plan liability in the August 31, 2022 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 2020*	3.91%*
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.3%
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None
* Source: 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 are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

*Discount Rate.* The 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.

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 rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

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

\*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.

<sup>R</sup> Immaterial rounding difference

*Discount Rate Sensitivity Analysis.* The following table presents the Net Pension Liability of the pension plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point 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	\$ 68,919,273	\$ 44,303,387	\$ 24,351,057

*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 net pension liability of \$44,303,387 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	\$ 44,303,387
State's proportionate share that is associated with the District	62,975,497
Total	<u>\$ 107,278,884</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.

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For the fiscal years ended August 31, 2023 and 2022, the District’s proportion of the collective Net Pension Liability was as follows:

<u>2023</u>	<u>2022</u>	
Measurement Year	Measurement Year	
8/31/2022	8/31/2021	Increase/(Decrease)
0.0746257479%	0.0691924814%	0.0054332665%

*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 \$12,182,580 and revenue of \$6,019,744 for support provided by the State in the government-wide financial statements.

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 Economic Experience	\$ 642,396	\$ 965,898
Changes in Actuarial Assumptions	8,255,163	2,057,417
Difference Between Projected and Actual Investment Earnings	4,377,033	-
Changes in Proportion and Difference Between the Employer Contributions and Proportionate Share of Contributions	2,831,371	133,178
District Contributions Paid to TRS Subsequent to the Measurement Date of the Net Pension Liability	4,117,712	-
Total	<u>\$ 20,223,675</u>	<u>\$ 3,156,493</u>

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

Year Ended August 31:	Pension Expense Amount
2024	\$ 3,615,053
2025	1,991,163
2026	858,662
2027	5,500,057
2028	984,534
Thereafter	1
	<u>\$ 12,949,470</u>

**11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN (OPEB)**

*Plan Description.* The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost sharing defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

*OPEB Plan Fiduciary Net Position.* Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required

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supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_publications.aspx](http://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022 are as follows:

Net OPEB Liability:	
Total OPEB Liability	\$ 27,061,642,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	<u>\$ 23,943,705,302</u>
Net Position as a Percentage of Total OPEB Liability	11.52%

*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 COLAs.

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

<b>TRS-CARE Monthly Premium Rates</b>				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and Spouse		529		689
Retiree* and Children		468		408
Retiree and Family		1,020		999
* or surviving spouse				

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than .25% or not more than .75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	2022	2023
Member	0.65%	0.65%
Non-Employer Contributing Entity (NECE) (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2023 Employer Contributions		\$ 890,864
2023 Member Contributions		\$ 669,054
2022 (measurement year) NECE On-Behalf Contributions		\$ 952,258

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In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

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

The State’s on-behalf contribution is recorded as revenues and expenditures/expenses in the financial statements.

*Actuarial Assumptions.* The actuarial valuation was performed as of August 31, 2021. Updated 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
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the 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.
Salary Increases*	3.05% to 9.05%*
Health Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees - 30% are assumed to discontinue coverage at age 65.
Ad hoc Post-Employment Benefit Changes	None
*Includes inflation at 2.30%	

*Discount Rate.* A single discount rate of 3.91% was used to measure the Total OPEB Liability. There was an increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount



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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, 2021 using the Fixed-Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate (.2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB liability	\$ 26,832,875	\$ 22,757,481	\$ 19,455,889

*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 \$22,757,481 for its proportionate share of the TRS’ Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB liability	\$ 22,757,481
State's proportionate share that is associated with the District	27,760,551
Total	<u>\$ 50,518,032</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 the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

For the fiscal years ended August 31, 2023 and 2022, the District’s proportion of the collective Net OPEB Liability was as follows:

<u>2023</u>	<u>2022</u>	
Meaurement Year 8/31/2022	Meaurement Year 8/31/2021	Increase/(Decrease)
0.0950445875%	0.0912620654%	0.0037825221%

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	\$ 18,752,267	\$ 22,757,481	\$ 27,949,726

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*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 changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the Total OPEB Liability.
- There were no changes in benefit in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was (\$6,084,186).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,265,235	\$ 18,959,024
Changes in Actuarial Assumptions	3,466,415	15,810,544
Net Difference Between Projected and Actual Investment Earnings	67,788	-
Changes in Proportion and Difference Between the Employer's Contributions and the Proportionate Share of Contributions	4,978,178	-
District Contributions Paid to TRS Subsequent to the Measurement Date	890,864	-
Total	<u>\$ 10,668,480</u>	<u>\$ 34,769,568</u>

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

Year Ended August 31:	OPEB Expense Amount
2024	\$ (4,737,003)
2025	(4,736,757)
2026	(3,771,690)
2027	(2,465,157)
2028	(3,128,771)
Thereafter	(6,152,574)
	<u>\$ (24,991,952)</u>

For the year ended August 31, 2023, the District recognized OPEB expense of (\$6,084,186) and revenue of (\$3,939,446) for support provided by the State.

**12. MEDICARE PART D – ON BEHALF PAYMENTS**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired 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. Subsidy payments made on behalf of the District for fiscal years 2023, 2022, and 2021 were \$556,525, \$405,155, and \$395,767 respectively.

**13. OTHER POST EMPLOYMENT BENEFITS**

The District does not provide post employment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and TRS Care described above (Note 11). The requirements established by COBRA are fully funded by former employees who elect coverage under the Act, and no direct costs are incurred by the District.

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**14. RISK MANAGEMENT**

**General**

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

In addition, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- School Liability

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

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property Programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates that Dickinson ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year (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.

**Unemployment Compensation Pool**

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 Dickinson ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year (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.

**Health Insurance**

The District participates in the Teacher Retirement System of Texas Active Care health care coverage program. This program is a statewide program for public education employees established by the 77<sup>th</sup> Texas Legislature.

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**Workers' Compensation**

The District participates in the Texas Educational Insurance Association, a public entity risk pool operating as a common risk management and insurance program for member school districts. However, the District is a reimbursing member whereby it does not pay premiums but pays for claims and the cost of handling claims. As such, the District self-insures its worker's compensation claims which are administered by a third party, Claims Administrative Services, Inc.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$225,000 up to the statutory limits for any given claim. The following is a summary of the change in the balance of claims liabilities for workers' compensation for the years ended August 31, 2022, and 2023, respectively:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2022	\$ 860,963	\$ 394,790	\$ 267,320	988,433
2023	988,433	580,275	324,021	1,244,687

**15. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At August 31, 2023, the District had commitments under construction contracts totaling approximately \$8.5 million.

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means when a purchase order is prepared, the appropriate accounts are checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes.

Prior to the end of the year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at year end, the District likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, outstanding encumbrances are not considered expenditures for the fiscal year, only a commitment to expend resources. If the District allows encumbrances to lapse, even though it plans to honor encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually reappropriated in the following year's budget. Open encumbrances at fiscal year end are included in restricted, committed, or assigned fund balance, as appropriate.

At August 31, 2023, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

Encumbrances Included in the Following Fund Balance:					
Fund	Restricted	Committed	Assigned	Unassigned	Total
General	\$ -	\$ 8,300,000	\$ 16,491,108	\$ 3,381,346	\$ 28,172,454
Debt Service	17,110,279	-	-	-	17,110,279
Capital Projects	139,516,003	-	-	-	139,516,003
Nonmajor Governmental Funds	6,471,807	1,028,028	-	-	7,499,835
<b>Total</b>	<b>\$ 163,098,089</b>	<b>\$ 9,328,028</b>	<b>\$ 16,491,108</b>	<b>\$ 3,381,346</b>	<b>\$ 192,298,571</b>

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**16. CONTINGENT LIABILITIES**

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**17. SHARED SERVICE ARRANGEMENTS / JOINT VENTURES**

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides educational services to students of member districts. In addition to the District, other member districts include Texas City ISD, Galveston ISD, and Clear Creek ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. The District also receives funding from Galveston County for the program. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 446, Shared Services Arrangements – Transforming Lives Cooper using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Dickinson Independent School District	\$ 57,554
Texas City Independent School District	32,448
Galveston Independent School District	11,024
Clear Creek Independent School District	<u>3,675</u>
	52,901
Galveston County (mandatory placement by judicial system)	42,715
Dickinson Independent School District (Per Capita Apportionment)	<u>35,204</u>
	<u>\$ 130,820</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides educational services for students of member districts. In addition to the District, other member districts include Texas City ISD, Santa Fe ISD, Galveston ISD, and Hitchcock ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 447, Shared Services Arrangements – Coastal Alternative Program using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Dickinson Independent School District	\$ 200,576
Texas City Independent School District	158,573
Santa Fe Independent School District	93,461
Galveston Independent School District	54,897
Friendswood Independent School District	17,442
Hitchcock Independent School District	<u>2,371</u>
	<u>\$ 527,320</u>

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides disciplinary alternative education services for students within Galveston County. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 448, Shared Services Arrangements – Galveston County Detention Boot C. using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Galveston County (mandatory placement by judicial system)	\$ 172,138
Dickinson Independent School District (Per Capita Apportionment)	<u>80,693</u>
	<u>\$ 252,831</u>

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

The District is the fiscal agent for a Shared Service Arrangement (“SSA”), which provides an educational environment for all students that ensures academic growth, emotional well-being, and positive social behaviors. All services are provided by the fiscal agent. Galveston County provides the funds to the fiscal agent. The District also receives funding from the State of Texas based on student attendance data. The District accounts for the program in Fund No. 449, Shared Services Arrangements – JJAEP Juvenile Justice AEP using Model 3 in SSA section of the FASRG. Expenditures of the SSA are summarized below:

Galveston County (mandatory placement by judicial system)	\$ 131,247
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**18. RELATED ORGANIZATIONS**

The Dickinson ISD Education Foundation (“Foundation”), a non-profit entity which was organized in 2007 to provide funds for District teaching and education programs, is a “related organization” as defined by GASB Statement No. 61. The members of the Board of Directors of the Foundation serve without financial compensation. The operations of the Foundation are not financially significant to the overall operations of the District, and therefore are not reported in the District’s financial statements.

**19. DEFICIT NET POSITION**

At August 31, 2023, the District reported a deficit balance of \$70,150,007 on the statement of net position caused by the implementation of GASB statement No. 68, *Accounting and Financial Reporting for Pensions* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

**20. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended August 31, 2023, expenditures exceeded appropriations in the following functional categories:

Fund	Function	Final Budget	Actual	Variance
Debt Service	72-Interest on Long-Term Liabilities	14,132,887	14,245,571	(112,684)
	73-Bond Issuance Cost and Fees	500,000	1,015,343	(515,343)

**21. SUBSEQUENT EVENTS**

In November 2023, the District issued Unlimited Tax Refunding Bonds, Series 2023A to refund \$1,820,000 of the outstanding Unlimited Tax Refunding Bonds, Series 2013 and \$35,490,000 of the outstanding Unlimited Tax Refunding Bonds, Series 2014. The bonds were issued at a new premium of \$1,743,322 and issuance costs of \$288,410. Funds from the Debt Service Fund will also be used to help with the refund totaling \$3,472,965. The Series 2023A bonds bear interest of 5.0% and are due in annual installments ranging from \$3,525,000 to \$4,515,000 through February 15, 2032. As a result of this refunding, the District reduced its total debt service requirements by \$2,593,125 and realized a present value savings of \$1,707,751.

In preparing the financial statements, the District has evaluated subsequent events through January 8, 2024, the date the financials were available to be issued.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 59,254,973	\$ 60,914,262	\$ 59,487,927	\$ (1,426,335)
5800 State Program Revenues	59,971,240	59,971,240	59,312,582	(658,658)
5900 Federal Program Revenues	2,710,000	2,710,000	2,723,291	13,291
5020 Total Revenues	121,936,213	123,595,502	121,523,800	(2,071,702)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	79,830,143	78,593,955	76,233,827	2,360,128
0012 Instructional Resources and Media Services	1,506,935	1,563,623	1,476,279	87,344
0013 Curriculum and Instructional Staff Development	1,406,642	1,424,160	1,157,727	266,433
0021 Instructional Leadership	1,980,383	1,966,127	1,772,384	193,743
0023 School Leadership	8,090,747	8,120,855	7,860,242	260,613
0031 Guidance, Counseling, and Evaluation Services	4,098,560	4,088,609	3,886,154	202,455
0032 Social Work Services	215,300	244,750	176,659	68,091
0033 Health Services	1,379,277	1,399,673	1,286,043	113,630
0034 Student (Pupil) Transportation	7,748,699	8,657,923	8,168,739	489,184
0036 Extracurricular Activities	3,205,422	3,215,045	2,925,047	289,998
0041 General Administration	3,665,813	3,703,829	3,556,264	147,565
0051 Facilities Maintenance and Operations	16,563,751	24,610,028	17,153,209	7,456,819
0052 Security and Monitoring Services	1,360,149	1,399,867	1,271,415	128,452
0053 Data Processing Services	2,103,303	2,587,591	2,201,486	386,105
0061 Community Services	737,187	713,528	603,422	110,106
Capital Outlay:				
0081 Facilities Acquisition and Construction	80,000	1,075,504	987,508	87,996
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	122,127	142,127	99,750	42,377
0095 Payments to Juvenile Justice Alternative Ed. Prg.	170,000	230,000	202,194	27,806
0099 Other Intergovernmental Charges	636,000	636,000	580,494	55,506
6030 Total Expenditures	134,900,438	144,373,194	131,598,843	12,774,351
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,964,225)	(20,777,692)	(10,075,043)	10,702,649
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	5,000	5,000	64,545	59,545
8949 Other (Uses)	-	-	(20,199)	(20,199)
7080 Total Other Financing Sources (Uses)	5,000	5,000	44,346	39,346
<b>EXTRAORDINARY ITEMS:</b>				
7919 Extraordinary Item - Resource	-	-	1,000,152	1,000,152
1200 Net Change in Fund Balances	(12,959,225)	(20,772,692)	(9,030,545)	11,742,147
0100 Fund Balance - September 1 (Beginning)	38,119,881	38,119,881	38,119,881	-
3000 Fund Balance - August 31 (Ending)	\$ 25,160,656	\$ 17,347,189	\$ 29,089,336	\$ 11,742,147

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.074625748%	0.069192481%	0.068388932%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 44,303,387	\$ 17,620,876	\$ 36,627,717
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	62,975,497	28,349,135	57,393,518
Total	<u>\$ 107,278,884</u>	<u>\$ 45,970,011</u>	<u>\$ 94,021,235</u>
District's Covered Payroll	\$ 94,540,289	\$ 88,276,495	\$ 83,996,758
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.86%	19.96%	43.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.068974911%	0.066902026%	0.066275191%	0.059139763%	0.0584185%	0.0385672%
\$ 35,855,315	\$ 36,824,499	\$ 21,191,236	\$ 22,348,037	\$ 20,650,162	\$ 10,301,832
53,118,503	56,971,997	33,242,675	36,555,766	33,736,578	27,944,567
<u>\$ 88,973,818</u>	<u>\$ 93,796,496</u>	<u>\$ 54,433,911</u>	<u>\$ 58,903,803</u>	<u>\$ 54,386,740</u>	<u>\$ 38,246,399</u>
\$ 76,669,077	\$ 72,887,825	\$ 69,770,919	\$ 61,334,317	\$ 56,717,701	\$ 52,899,723
46.77%	50.52%	30.37%	36.44%	36.41%	19.47%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 4,117,712	\$ 3,488,070	\$ 2,952,552
Contribution in Relation to the Contractually Required Contribution	(4,117,712)	(3,488,070)	(2,952,552)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 102,946,001	\$ 94,540,289	\$ 88,273,495
Contributions as a Percentage of Covered Payroll	4.00%	3.69%	3.34%

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

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

2020	2019	2018	2017	2016	2015
\$ 2,820,650	\$ 2,416,127	\$ 2,259,989	\$ 2,172,114	\$ 1,879,020	\$ 1,729,798
(2,820,650)	(2,416,127)	(2,259,989)	(2,172,114)	(1,879,020)	(1,729,798)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 83,996,758	\$ 76,669,077	\$ 72,887,825	\$ 69,770,919	\$ 61,334,317	\$ 56,717,701
3.36%	3.15%	3.10%	3.11%	3.06%	3.05%

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.095044587%	0.091262065%	0.089817795%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 22,757,481	\$ 35,203,857	\$ 34,143,800
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	27,760,551	47,165,323	45,881,083
Total	<u>\$ 50,518,032</u>	<u>\$ 82,369,180</u>	<u>\$ 80,024,883</u>
District's Covered Payroll	\$ 94,540,289	\$ 88,273,495	\$ 83,996,758
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	24.07%	39.88%	40.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.088769538%	0.086590401%	0.082654371%
\$ 41,980,199	\$ 43,235,380	\$ 35,943,285
55,782,298	62,783,385	54,775,000
<u>\$ 97,762,497</u>	<u>\$ 106,018,765</u>	<u>\$ 90,718,285</u>
\$ 76,669,077	\$ 72,887,825	\$ 69,770,919
54.76%	59.32%	51.52%
2.66%	1.57%	0.91%

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 890,864	\$ 780,357	\$ 712,927
Contribution in Relation to the Contractually Required Contribution	(890,864)	(780,357)	(712,927)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 102,946,001	\$ 94,540,289	\$ 88,273,495
Contributions as a Percentage of Covered Payroll	0.87%	0.83%	0.81%

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

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



	2020	2019	2018
\$	682,735	\$ 630,470	\$ 598,207
	(682,735)	(630,470)	(598,207)
\$	-	\$ -	\$ -
\$	83,996,758	\$ 76,669,077	\$ 72,887,825
	0.81%	0.82%	0.82%

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 2023**

**Notes to Schedules of Revenues, Expenditures, and Changes in Fund Balance**

*Budgetary Information*

The District adopts an “appropriated budget” for the General Fund, the Debt Service Fund, and the Child Nutrition Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available or estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended August 31, 2023.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget for fiscal year 2023 was prepared for adoption for budgeted governmental fund types by August 31, 2022. The budget was adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods and purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year’s budget.

The TEA requires the budgets for the General Fund, Debt Service Fund, and Child Nutrition Program to be filed with the TEA. The budget should not be exceeded in any functional category under TEA requirements. For the year ended August 31, 2023, expenditures exceeded appropriations in the following functional categories:

Fund	Function	Final Budget	Actual	Variance
Debt Service	72-Interest on Long-Term Liabilities	14,132,887	14,245,571	(112,684)
	73-Bond Issuance Cost and Fees	500,000	1,015,343	(515,343)

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AUGUST 31, 2023**

**Notes to the Schedule of the District's Proportionate Share of the Net Pension Liability**

*Changes of Assumptions*

The following were changes to the actuarial assumptions or other inputs that affected the measurement of the net pension liability since the prior measurement period:

- The discount rate changed from 7.25% to 7%.
- There were no changes in benefit terms since the prior measurement date.

**Notes to Schedule of the District's Proportionate Share of the Net OPEB Liability**

*Changes of Assumptions*

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 changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the TOL.
- There were no changes in benefit terms since the prior measurement date.

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# **COMBINING SCHEDULES**

DICKINSON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2023

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,036
1240 Due from Other Governments	189,550	148,303	-	-
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 189,550</u>	<u>\$ 148,303</u>	<u>\$ -</u>	<u>\$ 1,036</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 10,648	\$ 8,299	\$ -	\$ 1,036
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	178,902	140,004	-	-
2180 Due to Other Governments	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>189,550</u>	<u>148,303</u>	<u>-</u>	<u>1,036</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 189,550</u>	<u>\$ 148,303</u>	<u>\$ -</u>	<u>\$ 1,036</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief -CARES	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	281 ESSER II CRRSA Act Supplemental
\$ 6,611,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
292,403	8,010	54,283	19,151	-	-	-	1,740,840
57	-	-	-	-	-	-	-
89,309	-	-	-	-	-	-	-
254,655	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,248,038</u>	<u>\$ 8,010</u>	<u>\$ 54,283</u>	<u>\$ 19,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,740,840</u>
\$ 358,595	\$ -	\$ 1,650	\$ 5,600	\$ -	\$ -	\$ -	\$ 1,724,592
158,241	-	-	-	-	-	-	-
4,746	8,010	52,633	13,551	-	-	-	16,248
-	-	-	-	-	-	-	-
131,270	-	-	-	-	-	-	-
<u>652,852</u>	<u>8,010</u>	<u>54,283</u>	<u>19,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,740,840</u>
123,385	-	-	-	-	-	-	-
6,471,801	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,595,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,248,038</u>	<u>\$ 8,010</u>	<u>\$ 54,283</u>	<u>\$ 19,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,740,840</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2023

Data Control Codes	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds
<b>ASSETS</b>				
1110	\$ -	\$ -	\$ -	\$ -
1240	767,343	34,690	-	71,208
1260	-	-	-	-
1290	-	-	-	-
1300	-	-	-	-
1410	-	-	-	-
1000	<u>\$ 767,343</u>	<u>\$ 34,690</u>	<u>\$ -</u>	<u>\$ 71,208</u>
<b>LIABILITIES</b>				
2110	\$ 259,929	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	507,414	34,690	-	71,208
2180	-	-	-	-
2300	-	-	-	-
2000	<u>767,343</u>	<u>34,690</u>	<u>-</u>	<u>71,208</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410	-	-	-	-
Restricted Fund Balance:				
3450	-	-	-	-
Committed Fund Balance:				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 767,343</u>	<u>\$ 34,690</u>	<u>\$ -</u>	<u>\$ 71,208</u>



397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 8,625	\$ 289,940	\$ -	\$ 1,057,793	\$ -	\$ 20,750	\$ 7,989,758
-	-	1,012,079	-	328,471	-	4,666,331
-	-	-	-	-	-	57
-	-	-	10,398	-	1,475	101,182
-	-	-	-	-	-	254,655
-	202,798	-	-	-	-	202,798
<u>\$ 8,625</u>	<u>\$ 492,738</u>	<u>\$ 1,012,079</u>	<u>\$ 1,068,191</u>	<u>\$ 328,471</u>	<u>\$ 22,225</u>	<u>\$ 13,214,781</u>
\$ -	\$ 162,180	\$ 2,884	\$ 35,938	\$ -	\$ 11,832	\$ 2,583,183
-	-	-	-	-	763	159,004
-	-	1,009,195	3,565	328,471	712	2,369,349
-	-	-	660	-	-	660
8,625	330,558	-	-	-	8,918	479,371
<u>8,625</u>	<u>492,738</u>	<u>1,012,079</u>	<u>40,163</u>	<u>328,471</u>	<u>22,225</u>	<u>5,591,567</u>
-	-	-	-	-	-	123,385
-	-	-	-	-	-	6,471,801
-	-	-	1,028,028	-	-	1,028,028
-	-	-	1,028,028	-	-	7,623,214
<u>\$ 8,625</u>	<u>\$ 492,738</u>	<u>\$ 1,012,079</u>	<u>\$ 1,068,191</u>	<u>\$ 328,471</u>	<u>\$ 22,225</u>	<u>\$ 13,214,781</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	2,518,475	1,851,936	27,084	26,063
5020 Total Revenues	2,518,475	1,851,936	27,084	26,063
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	2,224,667	1,250,806	27,084	8,300
0012 Instructional Resources and Media Services	40,782	-	-	-
0013 Curriculum and Instructional Staff Development	172,475	29,266	-	-
0021 Instructional Leadership	4,154	34,736	-	-
0023 School Leadership	37,916	200	-	-
0031 Guidance, Counseling, and Evaluation Services	-	295,369	-	17,763
0032 Social Work Services	-	1,353	-	-
0033 Health Services	-	45,707	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	38,481	-	-	-
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	194,499	-	-
6030 Total Expenditures	2,518,475	1,851,936	27,084	26,063
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER -School Emergency Relief -CARES	279 ESSER III TCLAS ARP Act	280 ESSER III Homelss Children	281 ESSER II CRRSA Act Supplemental
\$ 1,607,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
230,208	-	-	-	-	-	-	-
6,957,006	138,189	496,451	190,492	3	6,777	65,833	2,888,158
8,795,172	138,189	496,451	190,492	3	6,777	65,833	2,888,158
-	69,747	2,388	153,023	3	6,777	65,833	2,708,053
-	-	-	-	-	-	-	-
-	-	322,328	35,917	-	-	-	3,609
-	60,074	22,529	108	-	-	-	-
-	-	149,206	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,045,481	-	-	-	-	-	-	-
-	8,368	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,802	-	-	-	-	-	-	-
-	-	-	-	-	-	-	107,579
-	-	-	-	-	-	-	68,917
-	-	-	1,444	-	-	-	-
-	-	-	-	-	-	-	-
7,096,283	138,189	496,451	190,492	3	6,777	65,833	2,888,158
1,698,889	-	-	-	-	-	-	-
4,896,297	-	-	-	-	-	-	-
\$ 6,595,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	6,538,345	437,958	25,388	299,501
5020 Total Revenues	6,538,345	437,958	25,388	299,501
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	5,516,070	336,299	25,388	104,783
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	305,256	36,000	-	19,922
0021 Instructional Leadership	118,616	-	-	-
0023 School Leadership	77,453	-	-	12,775
0031 Guidance, Counseling, and Evaluation Services	499,247	-	-	-
0032 Social Work Services	-	-	-	8,187
0033 Health Services	21,703	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	25,681
0052 Security and Monitoring Services	-	-	-	127,155
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	998
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	65,659	-	-
6030 Total Expenditures	6,538,345	437,958	25,388	299,501
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

397 Advanced Placement Incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	459 Other SSA Special Revenue Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 827,651	\$ 926,321	\$ 206,095	\$ 3,568,025
2,225	355,763	1,277,173	-	115,897	-	1,981,266
-	-	-	-	-	-	22,467,659
2,225	355,763	1,277,173	827,651	1,042,218	206,095	28,016,950
-	355,763	1,243,322	178,030	689,097	152,498	15,117,931
-	-	31	27,711	-	22,308	90,832
2,225	-	24,776	8,763	-	-	960,537
-	-	-	6,910	56,558	500	304,185
-	-	-	41,969	296,563	-	616,082
-	-	6,612	504	-	17,303	836,798
-	-	-	-	-	-	9,540
-	-	-	-	-	-	67,410
-	-	-	-	-	-	7,045,481
-	-	-	505,481	-	13,486	527,335
-	-	-	753	-	-	753
-	-	1,244	2,654	-	-	80,381
-	-	-	6,656	-	-	241,390
-	-	1,188	-	-	-	70,105
-	-	-	-	-	-	40,923
-	-	-	-	-	-	260,158
2,225	355,763	1,277,173	779,431	1,042,218	206,095	26,269,841
-	-	-	48,220	-	-	1,747,109
-	-	-	979,808	-	-	5,876,105
\$ -	\$ -	\$ -	\$ 1,028,028	\$ -	\$ -	\$ 7,623,214

DICKINSON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 AUGUST 31, 2023

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	Total Custodial Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 257,626	\$ 2,748	\$ 260,374
Investments - Current	152,233	-	152,233
Accrued Interest	5,192	-	5,192
Total Assets	<u>415,051</u>	<u>2,748</u>	<u>417,799</u>
<b>LIABILITIES</b>			
Accounts Payable	38,034	2,748	40,782
Due to Other Funds	443	-	443
Due to Other Governments	240	-	240
Total Liabilities	<u>38,717</u>	<u>2,748</u>	<u>41,465</u>
<b>NET POSITION</b>			
Restricted for Student Groups	<u>376,334</u>	<u>-</u>	<u>376,334</u>
Total Net Position	<u>\$ 376,334</u>	<u>\$ -</u>	<u>\$ 376,334</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2023

	865 Custodial Fund Student Activity Acct	876 Hospitality Fund	Total Custodial Funds
<b>ADDITIONS:</b>			
Enterprising Services Revenue	\$ 770,694	\$ -	\$ 770,694
Earnings from Temporary Deposits	9,153	-	9,153
Total Additions	<u>779,847</u>	<u>-</u>	<u>779,847</u>
<b>DEDUCTIONS:</b>			
Supplies and Materials	784,581	-	784,581
Total Deductions	<u>784,581</u>	<u>-</u>	<u>784,581</u>
 Change in Net Position	 (4,734)	 -	 (4,734)
 Net Position - September 1 (Beginning)	 <u>381,068</u>	 <u>-</u>	 <u>381,068</u>
 Net Position - August 31 (Ending)	 <u>\$ 376,334</u>	 <u>\$ -</u>	 <u>\$ 376,334</u>

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# **COMPLIANCE SCHEDULES**

DICKINSON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.040000	0.500000	2,749,843,182
2016	1.040000	0.500000	2,916,730,130
2017	1.040000	0.500000	3,208,383,961
2018	1.040000	0.480000	3,432,055,592
2019	1.060000	0.460000	3,735,655,855
2020	0.970000	0.480000	4,178,050,483
2021	0.874000	0.470000	4,850,771,652
2022	0.872000	0.440000	5,693,345,655
2023 (School year under audit)	0.854000	0.440000	6,393,602,396
1000	TOTALS		
8000	Total Taxes Refunded Under Section 26.115, Tax Code		

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 686,993	\$ -	\$ 7,314	\$ 3,037	\$ (31,977)	\$ 644,665
107,005	-	2,556	1,228	-	103,221
111,212	-	3,039	1,462	-	106,711
128,325	-	3,092	1,487	-	123,746
160,446	-	14,010	6,467	(258)	139,711
208,085	-	23,195	10,066	(2,262)	172,562
301,508	-	66,097	32,708	4,475	207,178
445,690	-	95,937	51,591	(17,095)	281,067
1,186,660	-	303,613	153,199	(221,765)	508,083
-	82,733,215	53,626,375	27,629,514	-	1,477,326
<u>\$ 3,335,924</u>	<u>\$ 82,733,215</u>	<u>\$ 54,145,228</u>	<u>\$ 27,890,759</u>	<u>\$ (268,882)</u>	<u>\$ 3,764,270</u>
		<u>\$ 0.00</u>			

**Reconciliation of Ending Balance per Exhibit J-1 to Balance per Exhibits A-1 and C-1:**

Ending Balance per Exhibit J-1	\$ 3,764,270
Accrued Penalties and Interest on Delinquent Property Taxes Receivable	2,483,968
Property Taxes - Delinquent per Exhibits A-1 and C-1	<u>\$ 6,248,238</u>

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,099,945	\$ 1,099,945	\$ 1,607,958	\$ 508,013
5800 State Program Revenues	282,149	282,149	230,208	(51,941)
5900 Federal Program Revenues	6,821,000	6,821,000	6,957,006	136,006
5020 Total Revenues	8,203,094	8,203,094	8,795,172	592,078
EXPENDITURES:				
Current:				
0035 Food Services	8,107,206	8,149,447	7,045,481	1,103,966
0041 General Administration	95,888	-	-	-
0051 Facilities Maintenance and Operations	-	108,888	50,802	58,086
6030 Total Expenditures	8,203,094	8,258,335	7,096,283	1,162,052
1200 Net Change in Fund Balances	-	(55,241)	1,698,889	1,754,130
0100 Fund Balance - September 1 (Beginning)	4,896,297	4,896,297	4,896,297	-
3000 Fund Balance - August 31 (Ending)	\$ 4,896,297	\$ 4,841,056	\$ 6,595,186	\$ 1,754,130

DICKINSON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 26,892,887	\$ 26,892,887	\$ 28,988,431	\$ 2,095,544
5800 State Program Revenues	-	-	1,168,731	1,168,731
5020 Total Revenues	26,892,887	26,892,887	30,157,162	3,264,275
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Principal on Long-Term Liabilities	12,460,000	12,460,000	12,445,000	15,000
0072 Interest on Long-Term Liabilities	14,132,887	14,132,887	14,245,571	(112,684)
0073 Bond Issuance Cost and Fees	300,000	500,000	1,015,343	(515,343)
6030 Total Expenditures	26,892,887	27,092,887	27,705,914	(613,027)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(200,000)	2,451,248	2,651,248
<b>OTHER FINANCING SOURCES (USES):</b>				
7901 Refunding Bonds Issued	-	-	27,940,000	27,940,000
7911 Capital Related Debt Issued	-	-	116,645,000	116,645,000
7916 Premium or Discount on Issuance of Bonds	-	-	4,271,191	4,271,191
8911 Transfers Out (Use)	-	-	(120,000,000)	(120,000,000)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(27,940,000)	(27,940,000)
7080 Total Other Financing Sources (Uses)	-	-	916,191	916,191
1200 Net Change in Fund Balances	-	(200,000)	3,367,439	3,567,439
0100 Fund Balance - September 1 (Beginning)	13,742,840	13,742,840	13,742,840	-
3000 Fund Balance - August 31 (Ending)	\$ 13,742,840	\$ 13,542,840	\$ 17,110,279	\$ 3,567,439

DICKINSON INDEPENDENT SCHOOL DISTRICT  
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 2023

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	12319144
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	8922837

**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	1365345
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	805224

# **FEDERAL AWARDS SECTION**

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**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
DICKINSON INDEPENDENT SCHOOL DISTRICT  
Dickinson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dickinson Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2024.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-1.

**District's Response of Findings**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

*Mays & Associates*  
Mays & Associates, PLLC

Baytown, Texas  
January 8, 2024



**MAYS & ASSOCIATES** PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees  
DICKINSON INDEPENDENT SCHOOL DISTRICT  
Dickinson, Texas

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

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

We have audited Dickinson Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

  
Mays & Associates, PLLC

Baytown, Texas  
January 8, 2024

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

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted: \_\_\_\_\_ yes  X  no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A
84.425	Education Stabilization Funds

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

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

**II. FINANCIAL STATEMENT FINDINGS**

**2023-1 Excess Expenditures over Appropriations**

*Condition and Criteria:* State law mandates that expenditures not exceed appropriations on a functional level.

*Cause and Effect:* Expenditures exceeded appropriations in two functional categories related to debt service expenditures. Budget amendments were approved during the year; however, unexpected expenditures at year end caused expenditures to exceed the amended functional category budget.

*Recommendation:* District personnel should continue to review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustee for approval before August 31.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None Noted.

**DICKINSON INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023**

None Noted.

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023**

**2023-1 Excess Expenditures over Appropriations**

*Recommendation:* The District should review all expenditures during the year to ensure that any necessary budget amendments are brought to the Board of Trustees for approval before August 31.

*Action taken:* When necessary, the District makes Board approved budget amendments during the year. The District will closely monitor expenditures during the year to ensure the final budget amendment provides for all actual expenditures.

*Anticipated Completion Dates:* January 31, 2025.

Please contact Kelly Logsdon, Executive Director for Business Operations, at 281-229-6000 with any questions regarding this corrective action plan.



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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101084901	\$ 2,322
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101084901	<u>2,598,464</u>
Total Assistance Listing Number 84.010			<u>2,600,786</u>
*IDEA - Part B, Formula	84.027A	236600010849016600	1,851,936
*IDEA - Part B, Discretionary	84.027A	66002106	26,063
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350010849015350	103,059
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350020849015350	<u>334,899</u>
Total Assistance Listing Number 84.027			<u>2,315,957</u>
*IDEA - Part B, Preschool	84.173A	236610010849016610	27,084
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360010849015360	4,647
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360020849015360	<u>20,741</u>
Total Assistance Listing Number 84.173			<u>52,472</u>
Total Special Education Cluster (IDEA)			<u>2,368,429</u>
Career and Technical - Basic Grant	84.048A	23420006084901	138,189
Title III, Part A - English Language Acquisition	84.365A	23671001084901	190,492
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501084901	496,451
COVID 19 - ESSER I - School Emergency Relief Fd	84.425D	20521001084901	3
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001084901	2,605,438
COVID 19 - ESSER III - School Emergency Relief	84.425U	21528001084901	6,538,345
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042084901	6,777
COVID 19 - ARP Education for Homeless Children	84.425W	21533002084901	65,833
Prior Purch Reimbursement Program	84.425D	52102135	<u>282,720</u>
Total Assistance Listing Number 84.425			<u>9,499,116</u>
LEP Summer School	84.369A	69552102	2,496
LEP Summer School	84.369A	69552202	<u>10,354</u>
Total Assistance Listing Number 84.369			<u>12,850</u>
Title IV, Part A, Subpart 1	84.424A	23680101084901	<u>260,970</u>
Total Passed Through Texas Education Agency			<u>15,567,283</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>15,567,283</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900241	<u>149,763</u>
Total Passed Through Texas Health and Human Services Commission			<u>149,763</u>
<u>Passed Through Texas Education Agency</u>			
COVID-19 School Health Support Grant	93.323	39352201	<u>25,681</u>
Total Passed Through Texas Education Agency			<u>25,681</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>175,444</u>

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	1,628,180
*National School Lunch Program - Cash Assistance	10.555	71302301	4,543,465
*National School Lunch Prog. - Non-Cash Assistance	10.555	084901	416,700
*Supply Chain Assistance Grant Award	10.555	226TX400N8903	262,696
*Supply Chain Assistance Grant Award	10.555	236TX400N8903	105,965
Total Assistance Listing Number 10.555			5,328,826
Total Child Nutrition Cluster			6,957,006
Total Passed Through the Texas Department of Agriculture			6,957,006
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			6,957,006
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 22,699,733
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

1. The District utilizes the fund types specified in Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide*.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the District under programs of the federal government for the year ended August 31, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the SEFA presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. The District has not elected to use the 10% de minimis indirect costs rate under the Uniform Guidance.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

4. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.
5. Reconciliation of Federal Program Revenues:

Total Expenditures of Federal Awards	\$ 22,699,733
School Health and Related Services (SHARS)	1,323,374
Reserve Officers' Training Corps (ROTC)	75,249
E-Rate reimbursements	198,993
Propane Rebate	298,003
IRS interest subsidy	595,598
Total Federal Program Revenues	<u>\$ 25,190,950</u>

(Per TEA *Financial Accountability System Resource Guide* – SHARS reimbursements are not to be reported on Schedule of Expenditures of Federal Awards.)

## SCHOOLS FIRST QUESTIONNAIRE

Exhibit L-1

DICKINSON INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2023

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?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	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 in effect at the 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.	2107102