

WHARTON
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



Wharton Independent School District
Annual Financial Report
For The Year Ended June 30, 2022

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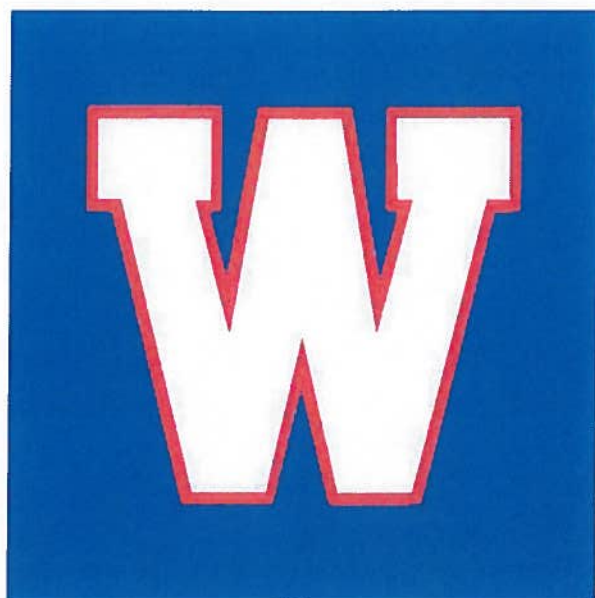
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Introductory Section



CERTIFICATE OF BOARD

Wharton Independent School District
Name of School District

Wharton
County

241904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ (approved) 7-0 disapproved for the year ended June 30, 2022, at a meeting of the board of trustees of such school district on the 17 day of November, 2022.

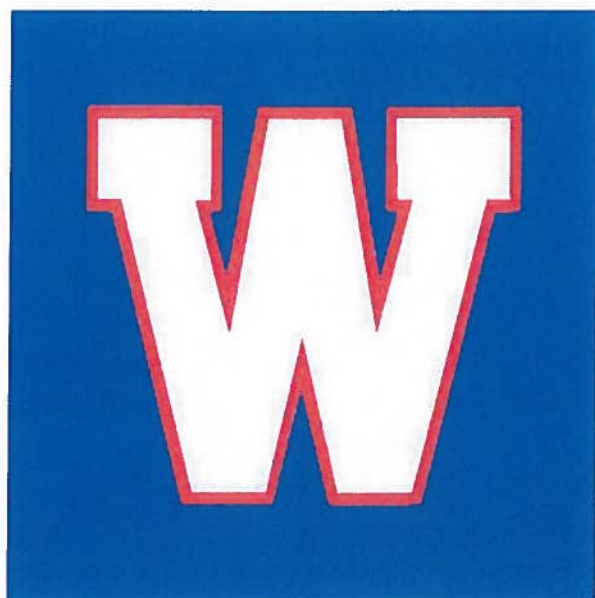


Signature of Board Secretary

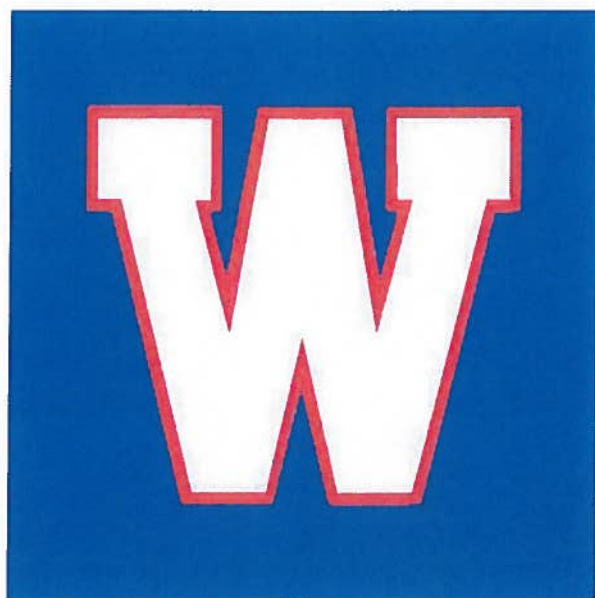


Signature of Board President

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



Financial Section



Harry Afadapa & Associates, PC
Certified Public Accountants
12345 Jones Road, Suite 215
Houston, Texas 77070
(832) 960-7977 ~www.afadapa.com

Independent Auditor's Report

To the Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wharton Independent School District ("the District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Wharton Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note A to the financial statements, in 2022, Wharton Independent School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Wharton Independent School District's 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 Wharton Independent School District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Wharton Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wharton Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents 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 Wharton Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 on our consideration of Wharton Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Wharton Independent School District's internal control over financial reporting and compliance.

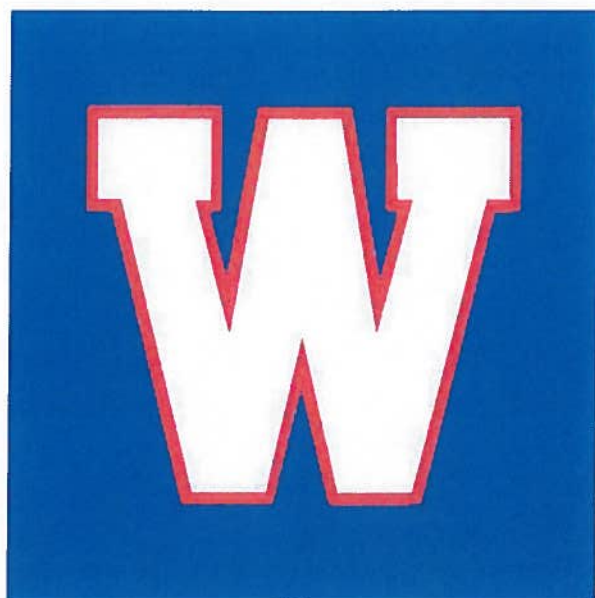
Respectfully submitted,

Harry Afadapa & Associates, PC

Harry Afadapa & Associates, PC

Houston, Texas

November 14, 2022



WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

This discussion and analysis of the Wharton Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Wharton Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Wharton Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. 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 result in cash flows in future fiscal periods.

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. Wharton Independent School 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 *current sources and uses 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 district-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 governmental funds 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*.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net position as of June 30, 2022 and June 30, 2021 are summarized as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT'S NET POSITION

| | Governmental Activities | | |
|-----------------------------------|----------------------------|-----------------------|------------------------|
| | 6/30/2022 | 6/30/2021 | Change |
| Current and other assets | \$ 53,315,477 | \$ 60,432,601 | \$ (7,117,124) |
| Capital assets | 30,560,845 | 30,310,337 | 250,508 |
| Deferred outflow of resources | 4,376,105 | 3,533,715 | 842,390 |
| Total assets | <u>88,252,427</u> | <u>94,276,653</u> | <u>(6,024,226)</u> |
| Other liabilities | 3,897,093 | 7,574,872 | (3,677,779) |
| Long-term liabilities outstanding | 92,610,248 | 84,075,627 | 8,534,621 |
| Deferred inflow of resources | 8,999,198 | 6,381,114 | 2,618,084 |
| Total liabilities | <u>105,506,539</u> | <u>98,031,613</u> | <u>7,474,926</u> |
| Net position: | | | |
| Net investment in capital assets | (24,867,088) | (16,099,141) | (8,767,947) |
| Restricted | 280,617 | 265,797 | 14,820 |
| Unrestricted | 7,332,359 | 12,078,384 | (4,746,025) |
| Total net position | <u>\$ (17,254,112)</u> | <u>\$ (3,754,960)</u> | <u>\$ (13,499,152)</u> |

Current and other assets decreased by over 7.1 million due to the capital projects being funded in 2022 which was approved through bond referendum of 2020. Capital asset increased by \$250,508 which the net difference in total asset additions net of \$1,602,412 and the \$1,351,904 of depreciation expense for the fiscal year. Deferred outflow of resource increased by \$842,390 resulting from an aggregate increase in deferred outflow when compared to prior year. The aggregate decrease of \$3,677,779 in Other liability consist of reduction Interest payable balance of \$1,151,159; reduction in accrued liabilities of \$2,184,905, reduction in unearned revenue balance of \$905,870; increase in accounts payable of \$339,155, and increase in current portion of long term debt obligation in the amount of \$225,000. The aggregate increase in long-term liabilities consist of the additional issuance of bond obligation in the amount \$12,180,000, payment of debt obligation of \$2,168,163, and other related debt obligation. As discussed above, deferred inflow of resources also increased by \$2,618,084 which was based on current year determination of GASB 68 and GASB 75 Financial Reporting requirements. As noted earlier, net position may serve over time as a useful indicator of a district's financial position. In the case of Wharton Independent School District, liability exceeded assets by \$17,254,112 at the close of the most recent fiscal year, June 30, 2022.

The District's net position reflects a negative investment in capital assets when considered in relation to the debt obligation used to acquire those assets that is still outstanding. The District uses 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

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position (\$280,617) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$7,332,359 may be used to meet the District's ongoing obligations to educate the school-age children of Wharton.

The District's changes in net position for the fiscal years end June 30, 2022 and June 30, 2021 are summarized as follows:

WHARTON INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION

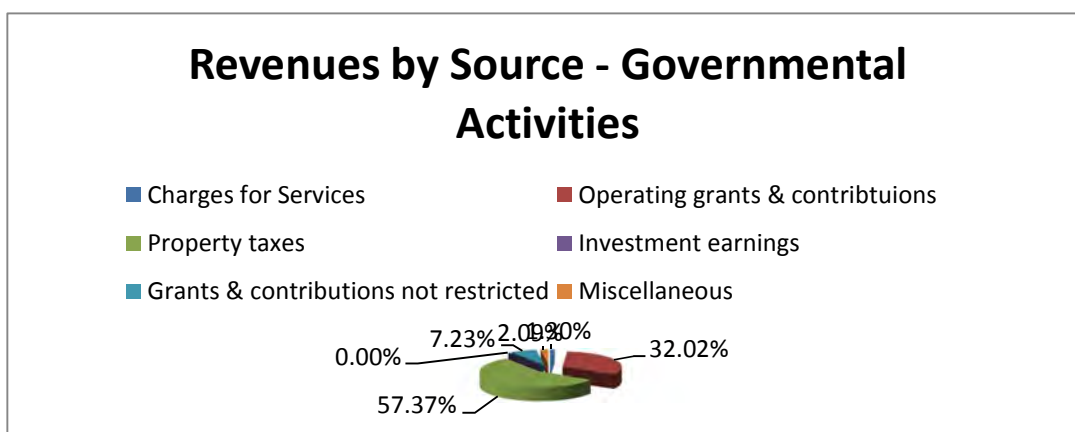
| | Governmental Activities | | |
|--|-------------------------|-----------------------|------------------------|
| | 6/30/2022 | 6/30/2021 | Change |
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | \$ 380,668 | \$ 286,015 | \$ 94,653 |
| Operating grants & contributions | 9,412,674 | 9,300,917 | 111,757 |
| General Revenues: | | | |
| Property taxes | 16,862,550 | 16,833,943 | 28,607 |
| Grant & Contributions not restricted | 2,125,507 | - | 2,125,507 |
| Miscellaneous | 612,948 | 574,697 | 38,251 |
| Total revenues | <u>29,394,347</u> | <u>26,995,572</u> | <u>2,398,775</u> |
| Expenses: | | | |
| Instruction | 17,294,459 | 12,696,850 | 4,597,609 |
| Instructional resources and media | 692,287 | 678,147 | 14,140 |
| Curriculum and staff development | 335,176 | 317,697 | 17,479 |
| Instructional leadership | 799,645 | 262,383 | 537,262 |
| School leadership | 2,181,497 | 1,378,558 | 802,939 |
| Guidance and counseling | 1,577,085 | 1,021,280 | 555,805 |
| Social works services | 31,654 | 27,557 | 4,097 |
| Health services | 308,665 | 210,315 | 98,350 |
| Student transportation | 1,441,960 | 894,070 | 547,890 |
| Food service | 1,800,336 | 1,042,653 | 757,683 |
| Extracurricular activities | 1,213,912 | 679,263 | 534,649 |
| General administration | 2,596,069 | 1,451,055 | 1,145,014 |
| Plant maintenance and operations | 4,961,396 | 2,458,624 | 2,502,772 |
| Security and monitoring services | 356,210 | 221,848 | 134,362 |
| Data processing services | 694,996 | 120,909 | 574,087 |
| Interest on long-term debt | 983,749 | 2,138,086 | (1,154,337) |
| Bond Issuance Costs and Fees | 196,590 | 3,000 | 193,590 |
| Capital Outlay | 4,579,926 | 3,581,443 | 998,483 |
| Contracted Inst Services between schools | 3,395 | - | 3,395 |
| Payments related to SSA | 836,593 | 701,962 | 134,631 |
| Other Intergovernmental Charges | 7,902 | 280,655 | (272,753) |
| Total expenses | <u>42,893,502</u> | <u>30,166,355</u> | <u>12,727,147</u> |
| Decrease in net position | (13,499,155) | (3,170,783) | (10,328,372) |
| Net position- beginning | <u>(3,754,957)</u> | <u>(584,177)</u> | <u>(3,170,780)</u> |
| Net position ending | <u>\$ (17,254,112)</u> | <u>\$ (3,754,960)</u> | <u>\$ (13,499,152)</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The District's net position from current operations decreased by \$13,499,155 when compared to the prior year net decrease of \$3,170,783. Overall revenue increased by \$2,398,775 and expenditures increased by \$12,727,147. Some of the key elements of these net differences between 2022 and 2021 are as follows:

- Except for Interest on long-term debt all functional codes of the district experienced some increase in operational costs due to the debt related associates cost during the issuance of \$12,180,000 bond obligation.
- While there was substantial increase in revenue in all categories when compared to prior year, the overall increase of \$2,390,775 appears consistent with expectation since prior year had ten (10) months as compare to current year of twelve (12) months. The district had a change in fiscal year 2021.

The following chart shows the percentage of revenues by major source:



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental Funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$51,063,563, an decrease of \$4,475,334. \$30,699,428 of this total constitutes unassigned fund balance, which is available for spending at the District's discretion. \$15,295,958 is restricted by external parties, constitutional provisions or enabling legislation to pay debt and for state and federal grants. \$1,198,175 is Non-spendable fund balances. The remaining \$3,870,002 of fund balance has been committed by the Board of Trustees to be used for construction and capital expenditures for equipment.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance in the general fund was \$8,927,416. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 43% of total general fund expenditures.

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

The fund balance of the general fund decreased by \$868,377 for the year ended June 30, 2022 compared to a decrease of \$830,538 in 2021. Revenue increased by \$986,176 and expenditures increased by \$952,476.

General Fund Budgetary Highlights

The Board of Trustees approved a net decrease in the expenditure budget for the fiscal year by \$1,170,681. Except for total Instructional & Related services, and Intergovernmental charges all categories had an increase when compared to prior year.

Overall, budget revenue exceeded actual by \$1,011,092. All categories of the revenue classification increased. Expenditures exceeded budget by \$167,163.

Debt Administration

Debt administration events during the current fiscal year included:

- Additional \$12,180,000 in bond obligation during the fiscal year 2021/2022 school year, and a pay down amount of \$2,168,163 in principal amount.
- Increase in Bond Premium/Discount amount of \$1,141,092 aggregate amortization amount of \$109,073.
- Decrease in Net Pension Liability of \$2,869,588.
- Increase in Net OPEB liability of \$585,351

| | Governmental Activities | | |
|--------------------------|----------------------------|----------------------|---------------------|
| | 6/30/2022 | 6/30/2021 | Change |
| General obligation bonds | \$ 82,696,838 | \$ 72,685,000 | \$ 10,011,838 |
| Bond Premium/Discount | 1,824,019 | 792,000 | 1,032,019 |
| Net pension liability | 3,188,107 | 6,057,695 | (2,869,588) |
| Net OPEB liability | 7,076,283 | 6,490,932 | 585,351 |
| | <u>\$ 94,785,247</u> | <u>\$ 86,025,627</u> | <u>\$ 8,759,620</u> |

Capital Assets

| | Governmental Activities | | |
|-------------------------------|-------------------------|----------------------|---------------------|
| | 6/30/2022 | 6/30/2021 | Change |
| Land | \$ 379,632 | \$ 379,632 | \$ - |
| Buildings & Improvements | 52,156,363 | 52,156,363 | - |
| Furniture and Equipment | 1,505,138 | 1,244,263 | 260,875 |
| Vehicles | 3,291,909 | 3,185,234 | 106,675 |
| Totals | 57,333,042 | 56,965,492 | 367,550 |
| Less accumulated depreciation | (27,648,537) | (26,655,154) | (993,383) |
| | <u>\$ 29,684,505</u> | <u>\$ 30,310,338</u> | <u>\$ (625,833)</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Capital asset events during the year included:

- Capital expenditures District-wide for building and improvement
- Additional Furniture & Equipment were purchased in the amount of \$260,875 during the fiscal year.
- Additional vehicle purchases in the amount of \$465,196 during the year.
- Disposition of \$358,521 (net accumulated depreciation of \$358,521) from the vehicles.
- Asset were acquired in Construction in progress category

Economic Factors and Next Year's Budgets and Rates

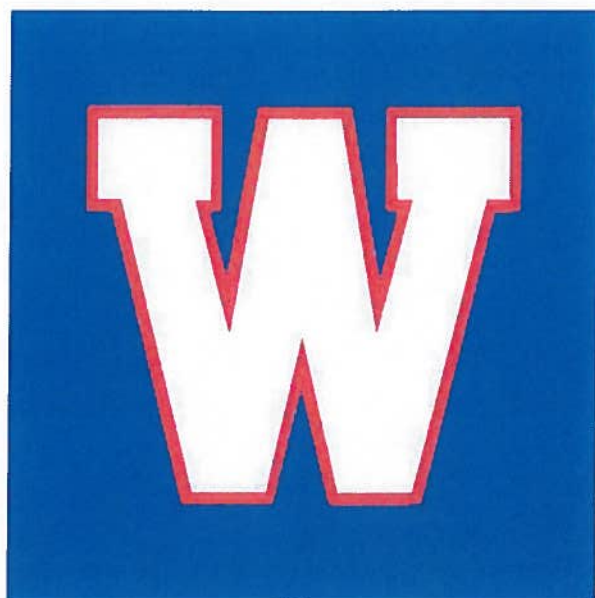
The annual budget is developed to provide efficient, effective and controlled use of the District's resources. The District adopted a budget for 2022-2023 that was below the 2021-2022 by \$616,567. Factors affecting the 2023 fiscal year budget were as follows:

- \$1,848,403 decrease in Instructional and Related cost for 2022-2023 fiscal year
- \$658,343 increase in School Leadership cost for 2022-2023 fiscal year
- \$16,977 increase in Support services (Student) in 2022-2023 fiscal year
- \$75,494 increase in Administrative support services in 2022-2023 fiscal year
- And \$659,318 increase in Other support service (Non-student) in 2022-2023 fiscal year

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Wharton Independent School District, Attention: Chief Financial Officer (CFO), 2100 N. Fulton, Wharton, Texas 77488 or call (979) 532-3612.

Basic Financial Statements



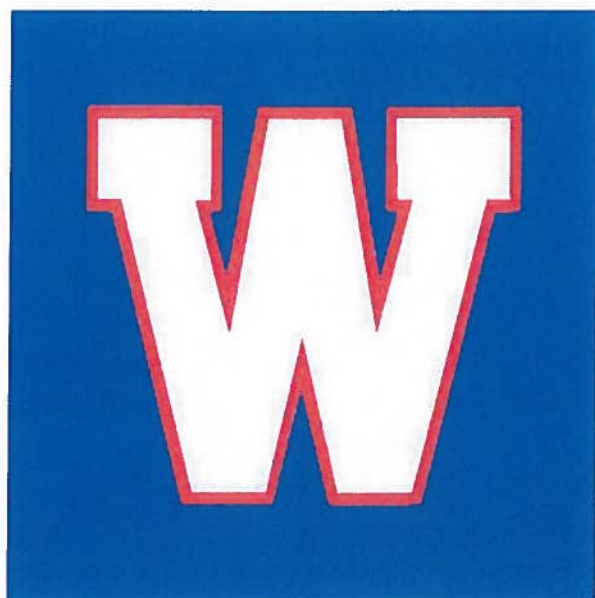
WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

| Data Control Codes | | 1 | Governmental Activities |
|--|--------------------------------------|----|-------------------------|
| ASSETS: | | | |
| 1110 | Cash and Cash Equivalents | \$ | 23,986,230 |
| 1120 | Current Investments | | 27,493,758 |
| 1225 | Property Taxes Receivable (Net) | | 562,520 |
| 1240 | Due from Other Governments | | 904,200 |
| 1290 | Other Receivables (Net) | | 271,818 |
| 1300 | Inventories | | 46,559 |
| 1410 | Unrealized Expenses | | 50,392 |
| Capital Assets: | | | |
| 1510 | Land | | 379,632 |
| 1520 | Buildings and Improvements, Net | | 27,150,557 |
| 1530 | Furniture and Equipment, Net | | 2,154,316 |
| 1580 | Construction in Progress | | 876,340 |
| 1000 | Total Assets | | 83,876,322 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| | Deferred Outflow Related to Pensions | | 2,310,859 |
| | Deferred Outflow Related to OPEB | | 2,065,246 |
| 1700 | Total Deferred Outflows of Resources | | 4,376,105 |
| LIABILITIES: | | | |
| 2110 | Accounts Payable | | 694,716 |
| 2140 | Interest Payable | | 32,699 |
| 2165 | Accrued Liabilities | | 36,348 |
| 2180 | Due to Other Governments | | 3,395 |
| 2300 | Unearned Revenue | | 954,935 |
| Noncurrent Liabilities: | | | |
| 2501 | Due Within One Year | | 2,175,000 |
| 2502 | Due in More Than One Year | | 82,345,858 |
| 2540 | Net Pension Liability | | 3,188,107 |
| 2545 | Net OPEB Liability | | 7,076,283 |
| 2000 | Total Liabilities | | 96,507,341 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| | Deferred Inflow Related to Pensions | | 3,894,089 |
| | Deferred Inflow Related to OPEB | | 5,105,109 |
| 2600 | Total Deferred Inflows of Resources | | 8,999,198 |
| NET POSITION: | | | |
| 3200 | Net Investment in Capital Assets | | (24,867,088) |
| Restricted For: | | | |
| 3850 | Debt Service | | 190,663 |
| 3890 | Other Purposes | | 89,954 |
| 3900 | Unrestricted | | 7,332,359 |
| 3000 | Total Net Position | \$ | (17,254,112) |

The accompanying notes are an integral part of this statement.



WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | Functions/Programs | 1 Expenses | 3 Charges for Services | 4 Program Revenues Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|--------------------------|--|----------------------|----------------------------------|---|--|
| | | | | | |
| | Governmental Activities: | | | | |
| 11 | Instruction | \$ 17,294,459 | \$ 18,369 | \$ 3,839,659 | \$ (13,436,431) |
| 12 | Instructional Resources and Media Services | 692,287 | 191 | 151,463 | (540,633) |
| 13 | Curriculum and Staff Development | 335,176 | 129 | 83,875 | (251,172) |
| 21 | Instructional Leadership | 799,645 | 1,170 | 308,268 | (490,207) |
| 23 | School Leadership | 2,181,497 | 3,423 | 272,955 | (1,905,119) |
| 31 | Guidance, Counseling, and Evaluation Services | 1,577,085 | 883 | 465,534 | (1,110,668) |
| 32 | Social Work Services | 31,654 | 38 | 2,805 | (28,811) |
| 33 | Health Services | 308,665 | 243 | 117,216 | (191,206) |
| 34 | Student Transportation | 1,441,960 | 2,382 | 392,199 | (1,047,379) |
| 35 | Food Service | 1,800,336 | 203,856 | 1,546,655 | (49,825) |
| 36 | Cocurricular/Extracurricular Activities | 1,213,912 | 53,680 | 133,143 | (1,027,089) |
| 41 | General Administration | 2,596,069 | 4,220 | 249,261 | (2,342,588) |
| 51 | Facilities Maintenance and Operations | 4,961,396 | 8,864 | 644,762 | (4,307,770) |
| 52 | Security and Monitoring Services | 356,210 | 601 | 68,590 | (287,019) |
| 53 | Data Processing Services | 694,996 | 983 | 312,899 | (381,114) |
| 72 | Interest on Long-term Debt | 983,749 | 3,478 | 1,533 | (978,738) |
| 73 | Bond Issuance Costs and Fees | 196,590 | -- | -- | (196,590) |
| 81 | Capital Outlay | 4,579,926 | 76,267 | 645,718 | (3,857,941) |
| 91 | Contracted Instructional Services between Schools | 3,395 | 10 | 680 | (2,705) |
| 93 | Payments Related to Shared Services Arrangements | 836,593 | 1,881 | 175,459 | (659,253) |
| 99 | Other Intergovernmental Charges | 7,902 | -- | -- | (7,902) |
| TG | Total Governmental Activities | <u>42,893,502</u> | <u>380,668</u> | <u>9,412,674</u> | <u>(33,100,160)</u> |
| TP | Total Primary Government | <u>\$ 42,893,502</u> | <u>\$ 380,668</u> | <u>\$ 9,412,674</u> | <u>(33,100,160)</u> |
| | General Revenues: | | | | |
| MT | Property Taxes, Levied for General Purposes | | | | 12,386,289 |
| DT | Property Taxes, Levied for Debt Service | | | | 4,476,261 |
| GC | Grants and Contributions Not Restricted to Specific Programs | | | | 2,125,507 |
| MI | Miscellaneous | | | | 613,968 |
| FR | Transfers | | | | <u>(1,020)</u> |
| TR | Total General Revenues and Transfers | | | | <u>19,601,005</u> |
| CN | Change in Net Position | | | | <u>(13,499,155)</u> |
| NB | Net Position - Beginning | | | | <u>(3,754,957)</u> |
| NE | Net Position - Ending | | | | <u>\$ (17,254,112)</u> |

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

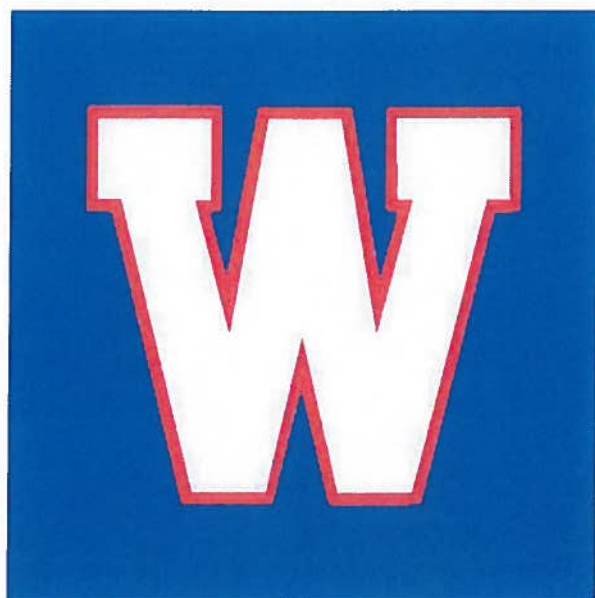
JUNE 30, 2022

| Data Control Codes | 10 | |
|---|----------------------|----------------------|
| | General Fund | Special Education |
| ASSETS: | | |
| 1110 Cash and Cash Equivalents | \$ 2,539,952 | \$ 700,214 |
| 1120 Current Investments | 10,031,740 | -- |
| 1225 Taxes Receivable, Net | 331,241 | -- |
| 1240 Due from Other Governments | 675,772 | -- |
| 1260 Due from Other Funds | 3,229 | -- |
| 1290 Other Receivables | 260,921 | -- |
| 1300 Inventories | 12,129 | -- |
| 1410 Unrealized Expenditures | 44,463 | -- |
| 1000 Total Assets | <u>13,899,447</u> | <u>700,214</u> |
| LIABILITIES: | | |
| Current Liabilities: | | |
| 2110 Accounts Payable | \$ 680,465 | \$ -- |
| 2120 Short-Term Debt Payable | 23,335 | -- |
| 2150 Payroll Deductions and Withholdings | 7,001 | 2,269 |
| 2170 Due to Other Funds | -- | 1,258 |
| 2180 Due to Other Governments | 3,395 | -- |
| 2200 Accrued Expenditures | -- | (942) |
| 2300 Unearned Revenue | 331,241 | 240,003 |
| 2000 Total Liabilities | <u>1,045,437</u> | <u>242,588</u> |
| FUND BALANCES: | | |
| Nonspendable Fund Balances: | | |
| 3410 Inventories | 12,129 | -- |
| 3415 Long-Term Loans/Notes Receivable | -- | -- |
| 3430 Prepaid Items | 44,463 | -- |
| Restricted Fund Balances: | | |
| 3450 Federal/State Funds Grant Restrictions | -- | 8,189 |
| 3480 Retirement of Long-Term Debt | -- | -- |
| 3490 Other Restrictions of Fund Balance | -- | 212,433 |
| Committed Fund Balances: | | |
| 3510 Construction | 2,420,000 | -- |
| 3530 Capital Expenditures for Equipment | 700,002 | -- |
| Assigned Fund Balances: | | |
| 3590 Other Assigned Fund Balance | 750,000 | -- |
| 3600 Unassigned | 8,927,416 | -- |
| Unassigned, Reported in Nonmajor: | | |
| 3610 Special Revenue Funds | -- | 237,004 |
| 3000 Total Fund Balances | <u>12,854,010</u> | <u>457,626</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 13,899,447</u> | <u>\$ 700,214</u> |

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

| 50 Debt Service Fund | 60 Capital Projects Fund | Other Governmental Funds | 98 Total Governmental Funds |
|-------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| \$ 1,867,830 | \$ 17,879,580 | \$ 998,654 | \$ 23,986,230 |
| 31,381 | 17,430,637 | -- | 27,493,758 |
| 231,279 | -- | -- | 562,520 |
| -- | -- | 228,428 | 904,200 |
| -- | -- | -- | 3,229 |
| 10,897 | -- | -- | 271,818 |
| -- | -- | 34,430 | 46,559 |
| -- | -- | 5,929 | 50,392 |
| <u>2,141,387</u> | <u>35,310,217</u> | <u>1,267,441</u> | <u>53,318,706</u> |
| \$ -- | \$ -- | \$ 14,250 | \$ 694,715 |
| -- | -- | -- | 23,335 |
| -- | -- | 4,686 | 13,956 |
| -- | -- | 1,971 | 3,229 |
| -- | -- | -- | 3,395 |
| -- | -- | -- | (942) |
| 475,058 | -- | 471,153 | 1,517,455 |
| <u>475,058</u> | <u>--</u> | <u>492,060</u> | <u>2,255,143</u> |
| -- | -- | -- | 12,129 |
| 1,141,583 | -- | -- | 1,141,583 |
| -- | -- | -- | 44,463 |
| -- | -- | 699,473 | 707,662 |
| 190,663 | -- | -- | 190,663 |
| -- | 14,090,228 | 94,972 | 14,397,633 |
| -- | -- | -- | 2,420,000 |
| -- | -- | -- | 700,002 |
| -- | -- | -- | 750,000 |
| 334,083 | 21,219,989 | -- | 30,481,488 |
| -- | -- | (19,064) | 217,940 |
| <u>1,666,329</u> | <u>35,310,217</u> | <u>775,381</u> | <u>51,063,563</u> |
| \$ <u>2,141,387</u> | \$ <u>35,310,217</u> | \$ <u>1,267,441</u> | \$ <u>53,318,706</u> |



WHARTON INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

| | |
|--|------------------------|
| Total fund balances - governmental funds balance sheet | \$ 51,063,563 |
| Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because: | |
| Capital assets used in governmental activities are not reported in the funds. | 30,560,844 |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. | 562,519 |
| Payables for bond principal which are not due in the current period are not reported in the funds. | (82,696,838) |
| Payables for debt interest which are not due in the current period are not reported in the funds. | (32,699) |
| Recognition of the District's proportionate share of the net pension liability is not reported in the funds. | (3,188,107) |
| Deferred Resource Inflows related to the pension plan are not reported in the funds. | (3,894,089) |
| Deferred Resource Outflows related to the pension plan are not reported in the funds. | 2,310,859 |
| Bond premiums are amortized in the SNA but not in the funds. | (1,824,020) |
| Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds. | (7,076,283) |
| Deferred Resource Inflows related to the OPEB plan are not reported in the funds. | (5,105,109) |
| Deferred Resource Outflows related to the OPEB plan are not reported in the funds. | 2,065,246 |
| Rounding difference | <u>2</u> |
| Net position of governmental activities - Statement of Net Position | \$ <u>(17,254,112)</u> |

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | | 10 | |
|-------------------------------------|---|---------------|-------------------|
| Data Control Codes | | General Fund | Special Education |
| REVENUES: | | | |
| 5700 | Local and Intermediate Sources | \$ 12,955,202 | \$ 6,625 |
| 5800 | State Program Revenues | 5,717,619 | 1,181,414 |
| 5900 | Federal Program Revenues | 792,598 | -- |
| 5020 | Total Revenues | 19,465,419 | 1,188,039 |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 | Instruction | 7,732,342 | 581,659 |
| 0012 | Instructional Resources and Media Services | 80,084 | -- |
| 0013 | Curriculum and Staff Development | 54,486 | -- |
| 0021 | Instructional Leadership | 493,192 | 194,334 |
| 0023 | School Leadership | 1,442,649 | -- |
| 0031 | Guidance, Counseling, and Evaluation Services | 371,597 | 355,213 |
| 0032 | Social Work Services | 16,756 | -- |
| 0033 | Health Services | 102,884 | -- |
| 0034 | Student Transportation | 1,004,075 | -- |
| 0035 | Food Service | -- | -- |
| 0036 | Cocurricular/Extracurricular Activities | 894,972 | -- |
| 0041 | General Administration | 1,777,261 | -- |
| 0051 | Facilities Maintenance and Operations | 3,736,053 | 4,990 |
| 0052 | Security and Monitoring Services | 253,555 | -- |
| 0053 | Data Processing Services | 413,685 | -- |
| 0071 | Principal on Long-term Debt | -- | -- |
| 0072 | Interest on Long-term Debt | -- | -- |
| 0073 | Bond Issuance Costs and Fees | -- | -- |
| 0081 | Capital Outlay | 1,165,415 | -- |
| 0091 | Contracted Instructional Services | | |
| 0091 | Between Public Schools | 3,395 | -- |
| 0093 | Payments to Shared Service Arrangements | 792,939 | 43,654 |
| 0099 | Other Intergovernmental Charges | 7,902 | -- |
| 6030 | Total Expenditures | 20,343,242 | 1,179,850 |
| | | | |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | |
| 1100 | Expenditures | (877,823) | 8,189 |
| | | | |
| Other Financing Sources and (Uses): | | | |
| 7911 | Capital-Related Debt Issued (Regular Bonds) | -- | -- |
| 7915 | Transfers In | 9,446 | -- |
| 7916 | Premium or Discount on Issuance of Bonds | -- | -- |
| 8911 | Transfers Out | -- | -- |
| 8949 | Other Uses | -- | -- |
| 7080 | Total Other Financing Sources and (Uses) | 9,446 | -- |
| 1200 | Net Change in Fund Balances | (868,377) | 8,189 |
| | | | |
| 0100 | Fund Balances - Beginning | 13,722,387 | 449,437 |
| 3000 | Fund Balances - Ending | \$ 12,854,010 | \$ 457,626 |

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

| 50 Debt Service Fund | 60 Capital Projects Fund | Other Governmental Funds | 98 Total Governmental Funds |
|-------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| \$ 4,436,018 | \$ 74,043 | \$ 275,468 | \$ 17,747,356 |
| 1,533 | -- | 88,836 | 6,989,402 |
| -- | -- | 4,989,701 | 5,782,299 |
| <u>4,437,551</u> | <u>74,043</u> | <u>5,354,005</u> | <u>30,519,057</u> |
| -- | -- | 2,111,973 | 10,425,974 |
| -- | -- | 204,541 | 284,625 |
| -- | -- | 94,432 | 148,918 |
| -- | -- | 12,884 | 700,410 |
| -- | -- | 36,916 | 1,479,565 |
| -- | -- | 316,104 | 1,042,914 |
| -- | -- | 250 | 17,006 |
| -- | -- | 98,701 | 201,585 |
| -- | -- | 247,404 | 1,251,479 |
| -- | -- | 1,233,733 | 1,233,733 |
| -- | -- | 1,000 | 895,972 |
| -- | -- | 9,464 | 1,786,725 |
| -- | -- | 141,230 | 3,882,273 |
| -- | -- | 27,320 | 280,875 |
| -- | -- | 231,629 | 645,314 |
| 2,168,162 | -- | -- | 2,168,162 |
| 2,243,981 | -- | -- | 2,243,981 |
| 196,590 | -- | -- | 196,590 |
| -- | 4,290,851 | -- | 5,456,266 |
| -- | -- | -- | 3,395 |
| -- | -- | -- | 836,593 |
| -- | -- | -- | 7,902 |
| <u>4,608,733</u> | <u>4,290,851</u> | <u>4,767,581</u> | <u>35,190,257</u> |
| <u>(171,182)</u> | <u>(4,216,808)</u> | <u>586,424</u> | <u>(4,671,200)</u> |
| 12,180,000 | -- | -- | 12,180,000 |
| -- | -- | 1,000 | 10,446 |
| 1,141,093 | -- | -- | 1,141,093 |
| (9,446) | -- | (2,020) | (11,466) |
| (13,124,207) | -- | -- | (13,124,207) |
| <u>187,440</u> | <u>--</u> | <u>(1,020)</u> | <u>195,866</u> |
| 16,258 | (4,216,808) | 585,404 | (4,475,334) |
| 1,650,071 | 39,527,025 | 189,977 | 55,538,897 |
| <u>\$ 1,666,329</u> | <u>\$ 35,310,217</u> | <u>\$ 775,381</u> | <u>\$ 51,063,563</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (4,475,334) |
|--|----------------|

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

| | |
|--|----------------|
| Capital outlays are not reported as expenses in the SOA. | 1,602,413 |
| The depreciation of capital assets used in governmental activities is not reported in the funds. | (1,351,905) |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year. | 109,829 |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA. | 2,168,163 |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds. | 109,073 |
| (Increase) decrease in accrued interest from beginning of period to end of period. | 1,151,159 |
| The District's share of the unrecognized deferred inflows and outflows for the pension plan was amortized. | (13,413,521) |
| Pension expense relating to GASB 68 is recorded in the SOA but not in the funds. | <u>600,968</u> |

| | |
|---|------------------------|
| Change in net position of governmental activities - Statement of Activities | \$ <u>(13,499,155)</u> |
|---|------------------------|

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2022

| Data Control Codes | | Investment Trust Fund | Private Purpose Trust | Custodial Funds |
|--------------------------|--|-----------------------------|-----------------------------|---------------------|
| ASSETS: | | | | |
| 1110 | Cash and Cash Equivalents | \$ -- | \$ -- | \$ 158,281 |
| 1800 | Restricted Assets | 40,000 | 61,160 | -- |
| 1000 | Total Assets | <u>40,000</u> | <u>61,160</u> | <u>158,281</u> |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| 2120 | Bonds and Loans Payable - Current Year | \$ -- | \$ -- | \$ 2,473 |
| 2150 | Payroll Deduction and Withholdings | -- | -- | 299,518 |
| 2190 | Due To Groups | -- | -- | 126,611 |
| 2000 | Total Liabilities | <u>--</u> | <u>--</u> | <u>428,602</u> |
| NET POSITION: | | | | |
| 3800 | Held in Trust for Investments | 40,000 | -- | -- |
| 3800 | Held in Trust | -- | 61,160 | -- |
| 3800 | Restricted for Other Purposes | -- | -- | (270,321) |
| 3000 | Total Net Position | <u>\$ 40,000</u> | <u>\$ 61,160</u> | <u>\$ (270,321)</u> |

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

| | Investment Trust Funds | Private Purpose Trusts |
|---|---------------------------|------------------------------|
| ADDITIONS: | | |
| Investment Income | \$ -- | \$ 165 |
| Net (Decrease) in Fair Value of Investments | -- | -- |
| Student Group Fundraising Activities | -- | -- |
| Total Additions | -- | 165 |
| DEDUCTIONS: | | |
| Scholarship Award | -- | 1,000 |
| Refunds of Contributions | -- | -- |
| Administrative Expenses | -- | -- |
| Total Deductions | -- | 1,000 |
| Change in Fiduciary Net Position | -- | (835) |
| Net Position-Beginning of the Year | 40,000 | 61,995 |
| Net Position-End of the Year | <u>\$ 40,000</u> | <u>\$ 61,160</u> |

The accompanying notes are an integral part of this statement.

WHARTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. This is a government fund with budgetary control which is used to show transactions resulting from operations of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for use of the District.

Debt Service Fund - A debt service fund is a government fund, with budgetary control, that must be used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedicated.

WHARTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Capital Project Fund: A governmental fund that must be used to account , on a project basis, for projects financed by proceeds from bond issuance, or for capital project otherwise mandated to be accounted for in funds are not legally required to be budgeted for on an annual basis.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Property Taxes

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

WHARTON INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED JUNE 30, 2022

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

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

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

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-----------------------------|-----------------------------------|
| Infrastructure | 30 |
| Buildings | 50 |
| Building Improvements | 20 |
| Vehicles | 3-15 |
| Office & Computer Equipment | 3-15 |

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

e. Receivable and Payable Balances

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

f. Interfund Activity

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

g. Use of Estimates

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

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

4. Pensions

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

5. Other Post-Employment Benefits

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

6. Implementation of New Standards

GASB Statement No. 84, Fiduciary Activities

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and

WHARTON INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2022

liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It 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 this Statement, 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 governments' leasing activities.

For fiscal year end August 31, 2022, Wharton Independent School District consider its leasing activities as immaterial.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

B. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$23,986,230 and the bank balance was \$24,077,011. The District's cash deposits at June 30, 2022 and during the year ended June 30, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: \$24,077,011
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$38,198,520
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$33,662,166 and occurred during the month of February 2022.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investments at June 30, 2022 are shown below.

| <u>Investment or Investment Type</u> | <u>Maturity</u> | <u>Fair Value</u> |
|--------------------------------------|-----------------|----------------------|
| Lone Star Investment Pool | N/A | \$ 9,743,496 |
| TexPool Investment | N/A | 17,750,262 |
| Total Investments | | <u>\$ 27,493,758</u> |

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2022, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

b. Custodial Credit Risk

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

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

At year end, the District was not exposed to custodial credit risk.

WHARTON INDEPENDENT SCHOOL DISTRICT

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FOR THE YEAR ENDED JUNE 30, 2022

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttsc.org.

C. Disaggregated Receivables

Receivables at June 30, 2022 for the District's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible amounts are as follows and are scheduled for collection within one year:

| | General Fund | Debt Service | Other Governmental | Totals |
|-----------------------------|--------------|-----------------|-----------------------|--------------|
| Taxes | \$ 926,766 | \$ 261,733 | \$ -- | \$ 1,188,499 |
| Less allowance | (595,525) | (30,454) | -- | (625,979) |
| Net taxes receivable | \$ 331,241 | \$ 231,279 | \$ -- | \$ 562,520 |
| Due from other Governments: | | | | |
| Texas Education Agency | \$ 675,772 | \$ -- | \$ 228,428 | \$ 904,200 |
| | \$ 675,772 | \$ -- | \$ 228,428 | \$ 904,200 |

D. Capital Assets

Capital asset activity for the year ended 2022, Wharton Independent School District, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-------------|-----------|--------------------|
| <u>Governmental activities:</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 379,632 | \$ -- | \$ -- | \$ 379,632 |
| Construction in progress | -- | 876,340 | -- | 876,340 |
| Total capital assets not being depreciated | 379,632 | 876,340 | -- | 1,255,972 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 52,156,363 | -- | -- | 52,156,363 |
| Equipment | 1,244,263 | 260,875 | -- | 1,505,138 |
| Vehicles | 3,185,233 | 465,196 | (358,521) | 3,291,908 |
| Total capital assets being depreciated | 56,585,859 | 726,071 | (358,521) | 56,953,409 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (23,963,014) | (1,042,793) | -- | (25,005,807) |
| Equipment | (635,478) | (79,216) | -- | (714,694) |
| Vehicles | (2,056,662) | (229,895) | 358,521 | (1,928,036) |
| Total accumulated depreciation | (26,655,154) | (1,351,904) | 358,521 | (27,648,537) |
| Total capital assets being depreciated, net | 29,930,705 | (625,833) | -- | 29,304,872 |
| Governmental activities capital assets, net | \$ 30,310,337 | \$ 250,507 | \$ -- | \$ 30,560,844 |

The district disposed certain vehicles through auction. The historical aggregate cost the disposed assets was \$358,521.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

| | | |
|---|----|------------------|
| Instruction | \$ | 731,630 |
| Instructional Resources and Media Services | | 39,077 |
| Curriculum and Staff Development | | 18,307 |
| Instructional Leadership | | 15,119 |
| School Leadership | | 79,436 |
| Guidance, Counseling, & Evaluation Services | | 58,849 |
| Social Work Services | | 1,588 |
| Health Services | | 12,119 |
| Student Transportation | | 51,519 |
| Food Services | | 60,081 |
| Extracurricular Activities | | 39,141 |
| General Administration | | 83,614 |
| Plant Maintenance and Operations | | 141,673 |
| Security and Monitoring Services | | 12,784 |
| Data Processing Services | | 6,967 |
| Community Services | | -- |
| | \$ | <u>1,351,904</u> |

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at 2022, Wharton Independent School District, consisted of the following:

| Due To Fund | Due From Fund | Amount | Purpose |
|--------------|-----------------------|-----------------|----------------------------------|
| General Fund | Special Revenue Funds | 3,229 | For transfer of federal receipts |
| | Total | <u>\$ 3,229</u> | |

All amounts due are scheduled to be repaid within one year.

F. Long-Term Obligations

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

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest and capital appreciation bonds as noted below:

Advance Refunding

| General Obligation Bonds | Sale Date | Original Borrowed | Interest Rate to Maturity | Final Maturity | Outstanding Balance |
|-----------------------------|-------------|-------------------|---------------------------|----------------|----------------------|
| Series 2013, Refunding Bond | 15-Feb-2013 | 8,894,997 | 3.00%- 4.75% | 15-Aug-2031 | \$ 5,610,000 |
| Series 2014, School Bonds | 01-Feb-2014 | 9,204,999 | 3.00% - 4.00% | 15-Aug-2037 | 7,725,000 |
| Series 2016, Refunding Bond | 01-Feb-2016 | 3,225,000 | 3.00% - 4.75% | 15-Aug-2037 | 3,225,000 |
| Series 2019, U/L Tax Bond | 15-Feb-2019 | 14,855,000 | 3.00% - 5.00% | 31-Aug-2044 | 13,875,000 |
| Series 2019A, U/L Tax Bond | 25-Jun-2019 | 20,685,000 | 3.00% - 5.00% | 31-Aug-2045 | 19,410,000 |
| Series 2021, U/L Tax Bond | 15-Mar-2021 | 21,175,000 | 3.00% - 5.00% | 31-Aug-2046 | 20,805,000 |
| Series 2021, Refund Bond | 28-Sep-2021 | 12,180,000 | 3.00% - 5.00% | 15-Aug-2037 | 12,046,837 |
| | | | | | <u>\$ 82,696,837</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended 2022, Wharton Independent School District, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---------------------------------|----------------------|----------------------|---------------------|----------------------|-----------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 72,685,000 | \$ 12,180,000 | \$ 2,168,163 | \$ 82,696,837 | \$ 2,175,000 |
| Bond Premium/Discount | 792,000 | 1,141,094 | 109,073 | 1,824,021 | -- |
| Net OPEB Liability | 6,490,932 | 717,616 | 132,265 | 7,076,283 | -- |
| Net Pension Liability * | 6,057,695 | (2,377,650) | 491,938 | 3,188,107 | -- |
| Total governmental activities | <u>\$ 86,025,627</u> | <u>\$ 11,661,060</u> | <u>\$ 2,901,439</u> | <u>\$ 94,785,248</u> | <u>\$ 2,175,000</u> |

2. Debt Service Requirements

Debt service requirements on long-term debt at 2022, Wharton Independent School District, are as follows:

| Year Ending | Governmental Activities | | | | |
|-------------|-------------------------|----------------------|---|--------------|-----------------------|
| | Bonds | | Notes from Direct Borrowings and Direct Placements | | Total |
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 2,175,000 | 2,754,870 | -- | \$ -- | \$ 4,929,870 |
| 2024 | 3,115,000 | 2,632,577 | -- | -- | 5,747,577 |
| 2025 | 3,255,000 | 2,486,327 | -- | -- | 5,741,327 |
| 2026 | 3,400,000 | 2,334,989 | -- | -- | 5,734,989 |
| 2027 | 3,550,000 | 2,203,158 | -- | -- | 5,753,158 |
| 2028-2032 | 18,540,000 | 8,565,364 | -- | -- | 27,105,364 |
| 2033-2037 | 21,895,000 | 5,248,667 | -- | -- | 27,143,667 |
| 2038-2042 | 15,895,000 | 2,539,237 | -- | -- | 18,434,237 |
| 2043-2047 | 10,871,837 | 463,056 | -- | -- | 11,334,893 |
| Totals | <u>\$ 82,696,837</u> | <u>\$ 29,228,245</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 111,925,082</u> |

G. Risk Management

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

H. Pension Plan

1. Plan Description

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

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/about%20publications.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

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

| Contribution Rates | | | |
|---|-------------|-----------|--------------|
| | <u>2021</u> | | <u>2022</u> |
| Member | 7.7% | | 7.7% |
| Non-Employer Contributing Entity (State) | 7.5% | | 7.5% |
| Employers | 7.5% | | 7.5% |
| District's 2022 Employer Contributions | \$ | 540,654 | \$ 565,099 |
| District's 2022 Member Contributions | \$ | 1,166,379 | \$ 1,189,028 |
| 2021 NECE On-Behalf Contributions (State) | \$ | 792,117 | \$ 767,267 |

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

5. Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|--|
| Valuation Date | August 31, 2020 rolled forward to August 31, 2021 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Single Discount Rate | 7.25% |
| Long-term expected Investment Rate of Return | 7.25% |
| Municipal Bond Rate as of August 2020 | 1.95% * |
| Last year ending August 31 in Projection Period | 2120 |
| Inflation | 2.30% |
| Salary Increases including inflation | 3.05% to 9.05% |
| Ad hoc post-employment benefit changes | None |

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

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

6. Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

| Asset Class * | Target Allocation ** | Long-Term Expected Arithmetic Real Rate of Return *** | Expected Contribution to Long-Term Portfolio Returns |
|---|-----------------------------|--|---|
| Global Equity | | | |
| USA | 18.0% | 3.6% | 0.94% |
| Non-U.S. Developed | 13.0% | 4.4% | 0.83% |
| Emerging Markets | 9.0% | 4.6% | 0.74% |
| Private Equity | 14.0% | 6.3% | 1.36% |
| Stable Value | | | |
| Government Bonds | 16.0% | (0.2)% | 0.01% |
| Absolute Return | 0.0% | 1.1% | 0.00% |
| Stable Value Hedge Funds | 5.0% | 2.2% | 0.12% |
| Real Return | | | |
| Real Estate | 15.0% | 4.5% | 1.00% |
| Energy, Natural Resources and Infrastructure | 6.0% | 4.7% | 0.35% |
| Commodities | 0.0% | 1.7% | 0.00% |
| Risk Parity | 8.0% | 2.8% | 0.28% |
| Asset Allocation Leverage | | | |
| Cash | 2.0% | (0.7)% | (0.01)% |
| Asset Allocation Leverage | (6.0%) | (0.5)% | 0.03% |
| Inflation Expectation | | | 2.20% |
| Volatility Drag **** | - | | (0.95)% |
| Expected Return | 100.0% | | 6.90% |
| <p>* Absolute Return includes Credit Sensitive Investments.</p> <p>** Target allocations are based on the FY2021 policy model.</p> <p>*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)</p> <p>**** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p> | | | |

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

7. Discount Rate Sensitivity Analysis

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

| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|---|---|-----------------------------|---|
| District's proportionate share of the net pension liability: | \$ 6,966,519 | \$ 3,188,107 | \$ 122,667 |

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

At June 30, 2022, the District reported a liability of \$3,188,107 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 | \$ 3,188,107 |
| State's proportionate share that is associated with District | <u>4,578,718</u> |
| Total | <u>\$ 7,766,825</u> |

The net pension liability was measured as of June 30, 2020 and rolled forward to June 30, 2021 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, 2020 thru August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.012518844 percent which was an increase (decrease) of 0.0012083033 percent from its proportion measured as of August 31, 2020.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2022, the District recognized pension expense of \$252,878 and revenue of \$18,305 for support provided by the State.

At June 30, 2022, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Actuarial Experience | \$ 5,335 | \$ 224,445 |
| Changes in Actuarial Assumptions | 1,126,933 | 491,246 |
| Difference Between Projected and Actual Investment Earnings | -- | 2,673,186 |
| Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions | 700,289 | 505,212 |
| Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer) | <u>478,302</u> | <u>--</u> |
| Total | <u>\$ 2,310,859</u> | <u>\$ 3,894,089</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 |
|-----------------------|------------------------|
| 2023 | \$ (344,010) |
| 2024 | \$ (369,455) |
| 2025 | \$ (630,283) |
| 2026 | \$ (783,472) |
| 2027 | \$ 44,227 |
| Thereafter | \$ 21,461 |

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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 | | |
|---|-------------|-------------|
| | <u>2021</u> | <u>2022</u> |
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/Private Funding remitted by Employers | 1.25% | 1.25% |

| | | | | |
|---|----|-----------|----|-----------|
| District's 2022 Employer Contributions | \$ | 140,953 | \$ | 111,116 |
| District's 2022 Member Contributions | \$ | 1,166,379 | \$ | 1,189,028 |
| 2021 NECE On-Behalf Contributions (state) | \$ | 174,392 | \$ | 192,006 |

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 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 \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 percent 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, 2020 rolled forward to August 31, 2021 |
| Actuarial Cost Method | Individual Entry-Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 1.95% as of August 31, 2021 |
| Aging Factors | Based on plan specific experience |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs. |
| Projected Salary Increases | 3.05% to 9.05%, including inflation |
| Health Care Trend Rates | 8.5% to 4.25% |
| Election Rates | Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65. |
| Ad hoc post-employment benefit changes | None |

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

6. Discount Rate

A single discount rate of 1.95 percent was used to measure the Total OPEB Liability. This was a decrease of 0.38 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was 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.

7. Discount Rate Sensitivity Analysis

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

| | 1% Decrease in Discount Rate (0.95%) | Current Single Discount Rate (1.95%) | 1% Increase in Discount Rate (2.95%) |
|--|--|--|--|
| District's proportionate share of the Net OPEB Liability: | \$ 8,535,628 | \$ 7,076,283 | \$ 5,927,731 |

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, the District reported a liability of \$7,076,283 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

| | |
|---|----------------------|
| District's proportionate share of the collective net OPEB liability | \$ 7,076,283 |
| State's proportionate share that is associated with the District | \$ <u>9,480,642</u> |
| Total | \$ <u>16,556,925</u> |

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

At August 31, 2022 the District's proportion of the collective net OPEB liability was 0.0183444734 which was an increase (decrease) of 0.0012695958% from its proportion measured as of August 31, 2020.

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

| | 1% Decrease in Healthcare Trend Rate | Current Single Healthcare Trend Rate | 1% Increase in Healthcare Trend Rate |
|------------------------------|--|--|--|
| share of Net OPEB Liability: | \$ 5,731,555 | \$ 7,076,283 | \$ 8,880,574 |

9. Changes Since the Prior Actuarial Valuation

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

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

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

At June 30, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 304,667 | \$ 3,425,416 |
| Changes in actuarial assumptions | 783,781 | 1,496,503 |
| Difference between projected and actual investment earnings | 7,682 | -- |
| Changes in proportion and difference between the District's contributions and the proportionate share of contributions | 874,903 | 183,190 |

WHARTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Contributions paid to TRS subsequent to the measurement date

94,213

Total

\$ 2,065,246 \$ 5,105,109

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 |
|-----------------------|---------------------|
| 2023 | \$ (656,861) |
| 2024 | \$ (657,034) |
| 2025 | \$ (656,988) |
| 2026 | \$ (470,722) |
| 2027 | \$ (218,548) |
| Thereafter | \$ (473,923) |

For the year ended June 30, 2022, the District recognized OPEB expense of \$(520,509) and revenue of \$(349,908) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2022, the subsidy payment received by TRS-Care on behalf of the District was \$62,969.

J. Employee Health Care Coverage

During the year ended June 30, 2022, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$397 per pay period per employee and dependents to the Plan. All premiums were paid to a self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable , and terms of coverage and premium costs are included in the contractual provisions.

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

K. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2022.

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

L. Shared Services Arrangement - Fiscal Agent

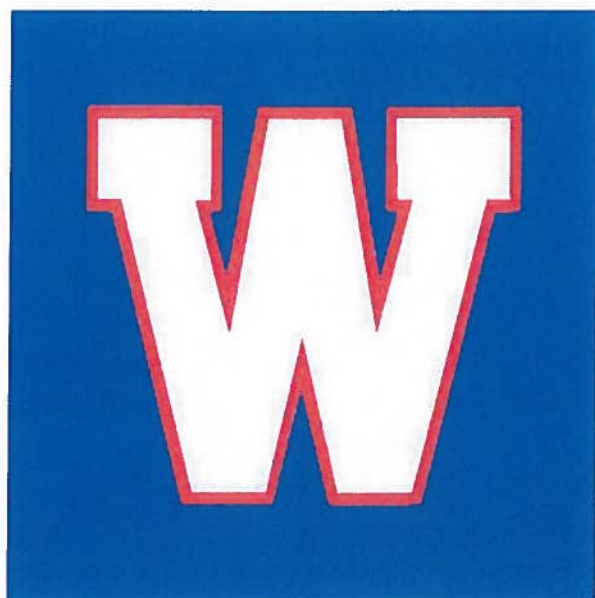
The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in 2022.

| Member Districts | Expenditures |
|------------------|---------------------|
| Wharton ISD | \$ 1,183,945 |
| Boling ISD | 488,680 |
| East Bernard ISD | 362,693 |
| Total | <u>\$ 2,035,318</u> |

M. Disaggregated Revenue

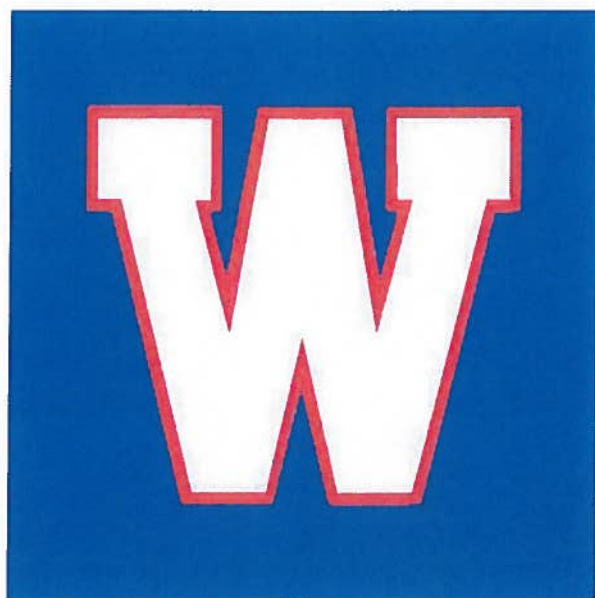
During the period ended June 30, 2021, revenues reported in the fund financial statements from local sources consisted of the following:

| | General Fund | Debt Service Fund | Capital Project Fund | Other Governmental Funds | Totals |
|----------------------|----------------------|-------------------------|----------------------------|--------------------------------|----------------------|
| Property taxes | \$ 12,138,916 | \$ 4,393,442 | \$ -- | \$ -- | \$ 16,532,358 |
| Penalties & interest | 181,264 | 39,098 | -- | -- | 220,362 |
| Athletic receipts | 51,556 | -- | -- | -- | 51,556 |
| Rent | 1,900 | -- | -- | -- | 1,900 |
| Investment earnings | 37,492 | 3,478 | 74,043 | -- | 115,013 |
| Insurance Recovery | 8,343 | -- | -- | -- | 8,343 |
| Other | 535,731 | -- | -- | 78,237 | 613,968 |
| Food service fees | -- | -- | -- | 203,856 | 203,856 |
| | <u>\$ 12,955,202</u> | <u>\$ 4,436,018</u> | <u>\$ 74,043</u> | <u>\$ 282,093</u> | <u>\$ 17,747,356</u> |



Required Supplementary Information

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



WHARTON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT G-1

Page 1 of 2

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|---|---|------------------|---------------|---------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| REVENUES: | | | | | |
| 5700 | Local and Intermediate Sources | \$ 13,535,629 | \$ 12,799,307 | \$ 12,955,202 | \$ 155,895 |
| 5800 | State Program Revenues | 6,900,810 | 5,150,020 | 5,717,619 | 567,599 |
| 5900 | Federal Program Revenues | 340,000 | 505,000 | 792,598 | 287,598 |
| 5020 | Total Revenues | 20,776,439 | 18,454,327 | 19,465,419 | 1,011,092 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction and Instructional Related Services: | | | | | |
| 0011 | Instruction | 9,200,000 | 7,636,841 | 7,732,342 | (95,501) |
| 0012 | Instructional Resources and Media Services | 63,694 | 64,379 | 80,084 | (15,705) |
| 0013 | Curriculum and Staff Development | 49,960 | 55,879 | 54,486 | 1,393 |
| | Total Instruction and Instr. Related Services | 9,313,654 | 7,757,099 | 7,866,912 | (109,813) |
| Instructional and School Leadership: | | | | | |
| 0021 | Instructional Leadership | 937,631 | 647,852 | 493,192 | 154,660 |
| 0023 | School Leadership | 1,525,113 | 1,450,325 | 1,442,649 | 7,676 |
| | Total Instructional and School Leadership | 2,462,744 | 2,098,177 | 1,935,841 | 162,336 |
| Support Services - Student (Pupil): | | | | | |
| 0031 | Guidance, Counseling and Evaluation Services | 359,484 | 373,363 | 371,597 | 1,766 |
| 0032 | Social Work Services | 5,000 | 5,050 | 16,756 | (11,706) |
| 0033 | Health Services | 141,595 | 141,859 | 102,884 | 38,975 |
| 0034 | Student (Pupil) Transportation | 856,200 | 1,214,169 | 1,004,075 | 210,094 |
| 0036 | Cocurricular/Extracurricular Activities | 816,480 | 811,970 | 894,972 | (83,002) |
| | Total Support Services - Student (Pupil) | 2,178,759 | 2,546,411 | 2,390,284 | 156,127 |
| Administrative Support Services: | | | | | |
| 0041 | General Administration | 1,446,894 | 1,803,810 | 1,777,261 | 26,549 |
| | Total Administrative Support Services | 1,446,894 | 1,803,810 | 1,777,261 | 26,549 |
| Support Services - Nonstudent Based: | | | | | |
| 0051 | Plant Maintenance and Operations | 3,795,360 | 3,686,148 | 3,736,053 | (49,905) |
| 0052 | Security and Monitoring Services | 260,109 | 260,864 | 253,555 | 7,309 |
| 0053 | Data Processing Services | 478,734 | 483,570 | 413,685 | 69,885 |
| | Total Support Services - Nonstudent Based | 4,534,203 | 4,430,582 | 4,403,293 | 27,289 |
| Capital Outlay: | | | | | |
| 0081 | Capital Outlay | -- | 810,000 | 1,165,415 | (355,415) |
| | Total Capital Outlay | -- | 810,000 | 1,165,415 | (355,415) |
| Intergovernmental Charges: | | | | | |
| 0091 | Contracted Instr. Services Between Public Schools | -- | -- | 3,395 | (3,395) |
| 0093 | Payments to Fiscal Agent/Member Dist.-SSA | 792,939 | 715,000 | 792,939 | (77,939) |
| 0099 | Other Intergovernmental Charges | -- | 15,000 | 7,902 | 7,098 |
| | Total Intergovernmental Charges | 792,939 | 730,000 | 804,236 | (74,236) |
| 6030 | Total Expenditures | 20,729,193 | 20,176,079 | 20,343,242 | (167,163) |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | | |
| 1100 | Expenditures | 47,246 | (1,721,752) | (877,823) | 843,929 |

Other Financing Sources (Uses):

WHARTON INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT G-1

Page 2 of 2

| Data Control Codes | | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|--------------------------|--|----------------------|----------------------|----------------------|---|
| | | Budgeted Amounts | | Actual | |
| | | Original | Final | | |
| 7915 | Transfers In | -- | -- | 9,446 | 9,446 |
| 7080 | Total Other Financing Sources and (Uses) | -- | -- | 9,446 | 9,446 |
| 1200 | Net Change in Fund Balance | 47,246 | (1,721,752) | (868,377) | 853,375 |
| 0100 | Fund Balance - Beginning | 13,722,387 | 13,722,387 | 13,722,387 | -- |
| 3000 | Fund Balance - Ending | <u>\$ 13,769,633</u> | <u>\$ 12,000,635</u> | <u>\$ 12,854,010</u> | <u>\$ 853,375</u> |

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

EXHIBIT G-2

| | Fiscal Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|--------------|--------------|
| Measurement period ending August 31, | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| District's proportion of the net pension liability (asset) | 0.0125188% | 0.0113105% | 0.0124702% | 0.0120052% | 0.0130985% | 0.0116409% | 0.0123346% | 0.0084696% | -- | -- |
| District's proportionate share of the net pension liability (asset) | \$ 3,188,107 | \$ 6,057,695 | \$ 6,482,399 | \$ 6,607,973 | \$ 4,188,201 | \$ 4,398,937 | \$ 4,360,117 | \$ 2,262,347 | \$ -- | \$ -- |
| State's proportionate share of the net pension liability (asset) associated with the District | 4,578,718 | 10,282,099 | 9,617,686 | 10,942,183 | 6,469,299 | 7,716,776 | 7,730,265 | 6,671,691 | -- | -- |
| Total | <u>\$ 7,766,825</u> | <u>\$ 16,339,794</u> | <u>\$ 16,100,085</u> | <u>\$ 17,550,156</u> | <u>\$ 10,657,500</u> | <u>\$ 12,115,713</u> | <u>\$ 12,090,382</u> | <u>\$ 8,934,038</u> | <u>\$ --</u> | <u>\$ --</u> |
| District's covered-employee payroll | \$ 15,361,614 | \$ 14,280,482 | \$ 13,600,906 | \$ 13,600,922 | \$ 13,466,446 | \$ 13,523,052 | \$ 12,450,291 | \$ 12,444,224 | \$ -- | \$ -- |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 20.75% | 42.42% | 47.66% | 48.58% | 31.10% | 32.53% | 35.02% | 18.18% | -- | -- |
| Plan fiduciary net position as a percentage of the total pension liability | 88.79% | 75.54% | 75.24% | 73.74% | 82.17% | 78.00% | 78.43% | 83.25% | -- | -- |

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

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

EXHIBIT G-3

| | | Fiscal Year | | | | | | | | | | | | | | | | |
|--|----|-------------|------|------------|------|------------|------|------------|------|------------|------|------------|----|------------|----|------------|----|----|
| | | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | | | | | | | |
| Contractually required contribution | \$ | 565,099 | \$ | 540,654 | \$ | 468,611 | \$ | 208,408 | \$ | 203,461 | \$ | 206,563 | \$ | 202,446 | \$ | -- | \$ | -- |
| Contributions in relation to the contractually required contribution | | (565,099) | | (540,654) | | (468,611) | | (208,408) | | (203,461) | | (206,563) | | (202,446) | | -- | | -- |
| Contribution deficiency (excess) | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- |
| District's covered-employee payroll | \$ | 14,963,857 | \$ | 15,147,767 | \$ | 14,280,842 | \$ | 13,600,922 | \$ | 13,466,446 | \$ | 13,523,052 | \$ | 12,450,291 | \$ | 12,444,224 | \$ | -- |
| Contributions as a percentage of covered-employee payroll | | 3.78% | | 3.57% | | 3.28% | | 1.53% | | 1.51% | | 1.53% | | 1.66% | | 1.63% | | -- |

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

WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

EXHIBIT G-4

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------|---------------|---------------|---------------|---------------|------|-------|-------|-------|-------|
| District's proportion of the collective net OPEB liability | 0.0183445% | 0.0170749% | 0.0174485% | 0.0170460% | 0.0170105% | -- | -- | -- | -- | -- |
| District's proportionate share of the collective net OPEB liability | 7,076,283 | 6,490,932 \$ | 8,251,607 \$ | 8,511,221 \$ | 7,397,247 \$ | -- | \$ -- | \$ -- | \$ -- | \$ -- |
| State proportionate share of the collective net OPEB liability associated with the District | 9,480,642 | 8,722,257 \$ | 10,964,539 \$ | 11,038,418 \$ | 10,079,874 \$ | -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Total | 16,556,925 | 15,213,189 \$ | 19,216,146 \$ | 19,549,639 \$ | 17,477,121 \$ | -- | \$ -- | \$ -- | \$ -- | \$ -- |
| District's covered-employee payroll | 15,361,614 | 14,280,482 \$ | 13,600,906 \$ | 13,600,922 \$ | 11,380,380 \$ | -- | \$ -- | \$ -- | \$ -- | \$ -- |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 46.06% | 45.45% | 60.67% | 62.58% | 65.00% | -- | -- | -- | -- | -- |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.18% | 4.99% | 2.66% | 1.57% | 0.91% | -- | -- | -- | -- | -- |

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

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

EXHIBIT G-5

| | | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|----|------------|---------------|---------------|---------------|---------------|-------|-------|-------|-------|-------|
| Statutorily or contractually required District contribution | \$ | 111,116 | \$ 140,953 | \$ 115,524 | \$ 102,007 | \$ 100,978 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Contributions recognized by OPEB in relation to statutorily or contractually required contribution | | (111,116) | (140,953) | (115,524) | (102,007) | (100,978) | -- | -- | -- | -- | -- |
| Contribution deficiency (excess) | \$ | -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| District's covered-employee payroll | \$ | 14,963,857 | \$ 15,147,767 | \$ 14,280,842 | \$ 13,600,922 | \$ 11,380,380 | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Contributions as a percentage of covered-employee payroll | | 0.74% | 0.93% | 0.81% | 0.75% | 0.89% | -- | -- | -- | -- | -- |

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

WHARTON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

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

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

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

The District exceeded its budget in these categories:

- [1] Instruction and Instr. Related Services by \$109,813
- [2] Capital Outlay by \$355,415
- [3] Intergovernmental Charges by \$74,236

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

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

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

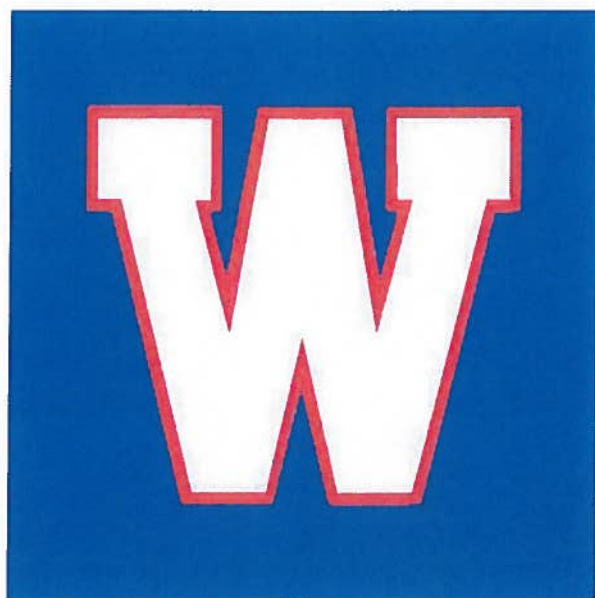
Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.



Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2022

| Data Control Codes | | 211 ESEA Title I Improving Basic Programs | 226 IDEA-Part B Discretionary | 240 National School Breakfast/Lunch Program | 242 Summer Food Service Program |
|-----------------------------------|--|--|-------------------------------------|--|--|
| ASSETS: | | | | | |
| 1110 | Cash and Cash Equivalents | \$ 45,800 | \$ 115,121 | \$ 611,988 | \$ (10,773) |
| 1240 | Due from Other Governments | 70,003 | -- | 55,842 | 44,716 |
| 1300 | Inventories | -- | -- | 34,430 | -- |
| 1410 | Unrealized Expenditures | -- | -- | 5,929 | -- |
| 1000 | Total Assets | <u>115,803</u> | <u>115,121</u> | <u>708,189</u> | <u>33,943</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ -- | \$ -- | \$ -- | \$ -- |
| 2150 | Payroll Deductions and Withholdings | -- | -- | 1,037 | 3,649 |
| 2170 | Due to Other Funds | 180 | -- | 1,501 | -- |
| 2300 | Unearned Revenue | <u>115,623</u> | <u>115,121</u> | -- | -- |
| 2000 | Total Liabilities | <u>115,803</u> | <u>115,121</u> | <u>2,538</u> | <u>3,649</u> |
| FUND BALANCES: | | | | | |
| Restricted Fund Balances: | | | | | |
| 3450 | Federal/State Funds Grant Restrictions | -- | -- | 697,532 | 16,911 |
| 3490 | Other Restrictions of Fund Balance | -- | -- | -- | -- |
| Unassigned, Reported in Nonmajor: | | | | | |
| 3610 | Special Revenue Funds | -- | -- | 8,119 | 13,383 |
| 3000 | Total Fund Balances | <u>--</u> | <u>--</u> | <u>705,651</u> | <u>30,294</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 115,803</u> | <u>\$ 115,121</u> | <u>\$ 708,189</u> | <u>\$ 33,943</u> |

| 244 Career and Tech Education Basic Grant | 255 ESEA Title II Training & Recruiting | 266 Cares Act Coronavirus Relief Fund (CRF) | 270 ESEA, Title VI Part B, Subpart 2 Rural School | 279 Texas COVID Learning Acceleration (TCL |
|--|--|--|--|---|
| \$ (2,430) 16,680 -- -- <u>14,250</u> | \$ (13,211) 13,249 -- -- <u>38</u> | \$ 160,614 (63,733) -- -- <u>96,881</u> | \$ 63 (63) -- -- <u>--</u> | \$ (1,117) 1,117 -- -- <u>--</u> |
| \$ 14,250 -- -- -- <u>14,250</u> | \$ -- -- 38 -- <u>38</u> | \$ -- -- -- 96,881 <u>96,881</u> | \$ -- -- -- -- <u>--</u> | \$ -- -- -- -- <u>--</u> |
| -- -- -- -- <u>--</u> | -- -- -- -- <u>--</u> | -- -- -- -- <u>--</u> | -- -- -- -- <u>--</u> | -- -- -- -- <u>--</u> |
| \$ <u>14,250</u> | \$ <u>38</u> | \$ <u>96,881</u> | \$ <u>--</u> | \$ <u>--</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2022

| Data Control Codes | 313 IDEA-B Formula | 314 IDEA-B Preschool | 429 State Funded Special Revenue Fund |
|---|------------------------------|--------------------------------|--|
| ASSETS: | | | |
| 1110 Cash and Cash Equivalents | \$ (22,715) | \$ (5,253) | \$ 20,081 |
| 1240 Due from Other Governments | 105,133 | 5,184 | (19,700) |
| 1300 Inventories | -- | -- | -- |
| 1410 Unrealized Expenditures | -- | -- | -- |
| 1000 Total Assets | <u>82,418</u> | <u>(69)</u> | <u>381</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| 2110 Accounts Payable | \$ -- | \$ -- | \$ -- |
| 2150 Payroll Deductions and Withholdings | -- | -- | -- |
| 2170 Due to Other Funds | 252 | -- | -- |
| 2300 Unearned Revenue | <u>82,097</u> | <u>--</u> | <u>381</u> |
| 2000 Total Liabilities | <u>82,349</u> | <u>--</u> | <u>381</u> |
| FUND BALANCES: | | | |
| Restricted Fund Balances: | | | |
| 3450 Federal/State Funds Grant Restrictions | (14,970) | -- | -- |
| 3490 Other Restrictions of Fund Balance | 15,039 | (69) | -- |
| Unassigned, Reported in Nonmajor: | | | |
| 3610 Special Revenue Funds | <u>--</u> | <u>--</u> | <u>--</u> |
| 3000 Total Fund Balances | <u>69</u> | <u>(69)</u> | <u>--</u> |
| 4000 Total Liabilities and Fund Balances | <u>\$ 82,418</u> | <u>\$ (69)</u> | <u>\$ 381</u> |

| | 461 Campus Activity Funds | 482 Special Revenue Fund - Local | 499 Wharton County Community Foundation | Total Nonmajor Special Revenue Funds (See Exhibit C-1) |
|---|------------------------------------|---|--|---|
| ə | | | | |
| | \$ 33,741 | \$ 61,050 | \$ 5,695 | \$ 998,654 |
| | -- | -- | -- | 228,428 |
| | -- | -- | -- | 34,430 |
| | -- | -- | -- | 5,929 |
| | <u>33,741</u> | <u>61,050</u> | <u>5,695</u> | <u>1,267,441</u> |
| | | | | |
| | \$ -- | \$ -- | \$ -- | \$ 14,250 |
| | -- | -- | -- | 4,686 |
| | -- | -- | -- | 1,971 |
| | -- | 61,050 | -- | 471,153 |
| | <u>--</u> | <u>61,050</u> | <u>--</u> | <u>492,060</u> |
| | | | | |
| | -- | -- | -- | 699,473 |
| | 38,572 | -- | 41,430 | 94,972 |
| | (4,831) | -- | (35,735) | (19,064) |
| | <u>33,741</u> | <u>--</u> | <u>5,695</u> | <u>775,381</u> |
| | \$ <u>33,741</u> | \$ <u>61,050</u> | \$ <u>5,695</u> | \$ <u>1,267,441</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 205 Head Start | 211 ESEA Title I Improving Basic Programs | 240 National School Breakfast/Lunch Program | 242 Summer Food Service Program |
|-------------------------------------|---|--------------------------|--|--|--|
| REVENUES: | | | | | |
| 5700 | Local and Intermediate Sources | \$ -- | \$ -- | \$ 203,856 | \$ -- |
| 5800 | State Program Revenues | -- | -- | 58,772 | 980 |
| 5900 | Federal Program Revenues | 15,031 | 495,945 | 1,507,325 | 45,156 |
| 5020 | Total Revenues | 15,031 | 495,945 | 1,769,953 | 46,136 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 15,031 | 493,195 | -- | -- |
| 0012 | Instructional Resources and Media Services | -- | -- | -- | -- |
| 0013 | Curriculum and Staff Development | -- | 2,750 | -- | -- |
| 0021 | Instructional Leadership | -- | -- | -- | -- |
| 0023 | School Leadership | -- | -- | -- | -- |
| 0031 | Guidance, Counseling, and Evaluation Services | -- | -- | -- | -- |
| 0032 | Social Work Services | -- | -- | -- | -- |
| 0033 | Health Services | -- | -- | -- | -- |
| 0034 | Student Transportation | -- | -- | -- | -- |
| 0035 | Food Service | -- | -- | 1,174,597 | 46,136 |
| 0036 | Cocurricular/Extracurricular Activities | -- | -- | -- | -- |
| 0041 | General Administration | -- | -- | -- | -- |
| 0051 | Facilities Maintenance and Operations | -- | -- | -- | -- |
| 0052 | Security and Monitoring Services | -- | -- | -- | -- |
| 0053 | Data Processing Services | -- | -- | -- | -- |
| 6030 | Total Expenditures | 15,031 | 495,945 | 1,174,597 | 46,136 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | | |
| 1100 | Expenditures | -- | -- | 595,356 | -- |
| Other Financing Sources and (Uses): | | | | | |
| 7915 | Transfers In | -- | -- | -- | -- |
| 8911 | Transfers Out | -- | -- | -- | -- |
| 7080 | Total Other Financing Sources and (Uses) | -- | -- | -- | -- |
| 1200 | Net Change in Fund Balances | -- | -- | 595,356 | -- |
| 0100 | Fund Balances - Beginning | -- | -- | 110,295 | 30,294 |
| 3000 | Fund Balances - Ending | \$ -- | \$ -- | \$ 705,651 | \$ 30,294 |

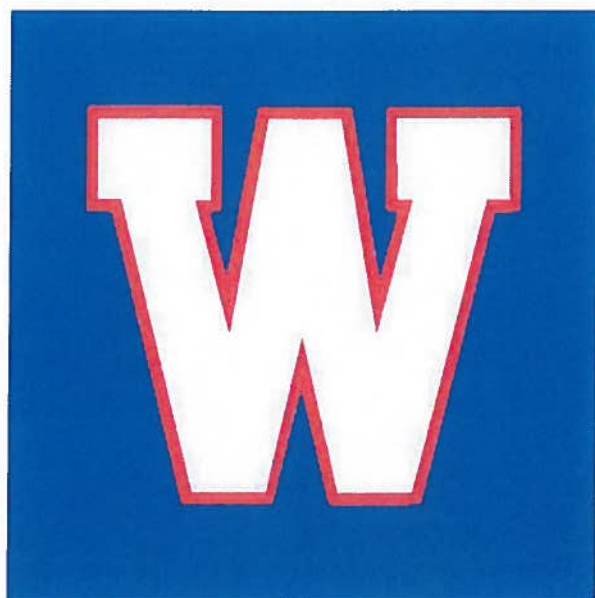
| 244 Career and Tech Education Basic Grant | 255 ESEA Title II Training & Recruiting | 263 English Language Acquisition and Enhancement | 266 Cares Act Coronavirus Relief Fund (CRF) | 270 ESEA, Title VI Part B, Subpart 2 Rural School |
|--|--|---|--|--|
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| -- | -- | -- | -- | -- |
| 21,871 | 24,506 | 18,123 | 170,552 | 32,787 |
| 21,871 | 24,506 | 18,123 | 170,552 | 32,787 |
| 21,871 | 485 | 18,123 | 170,552 | 308 |
| -- | -- | -- | -- | -- |
| -- | 19,807 | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | 4,214 | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | 32,479 |
| 21,871 | 24,506 | 18,123 | 170,552 | 32,787 |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| -- | -- | -- | -- | -- |
| \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |

WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | 279 Texas COVID Learning Acceleration (TCLAS) | 281 ESSER Fund II of the CRRSA Act | 282 ESSER Fund III the American Rescue Plan Act |
|--|--|--|--|
| REVENUES: | | | |
| 5700 Local and Intermediate Sources | \$ -- | \$ -- | \$ -- |
| 5800 State Program Revenues | -- | -- | 713 |
| 5900 Federal Program Revenues | 1,117 | 452,435 | 1,529,093 |
| 5020 Total Revenues | 1,117 | 452,435 | 1,529,806 |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 1,117 | 345,328 | 643,683 |
| 0012 Instructional Resources and Media Services | -- | -- | 188,422 |
| 0013 Curriculum and Staff Development | -- | 71,000 | -- |
| 0021 Instructional Leadership | -- | 7,134 | 5,750 |
| 0023 School Leadership | -- | 13,999 | 12,694 |
| 0031 Guidance, Counseling, and Evaluation Services | -- | 8,903 | 7,500 |
| 0032 Social Work Services | -- | -- | 250 |
| 0033 Health Services | -- | -- | 98,701 |
| 0034 Student Transportation | -- | 6,071 | 241,333 |
| 0035 Food Service | -- | -- | 13,000 |
| 0036 Cocurricular/Extracurricular Activities | -- | -- | 1,000 |
| 0041 General Administration | -- | -- | 5,250 |
| 0051 Facilities Maintenance and Operations | -- | -- | 141,230 |
| 0052 Security and Monitoring Services | -- | -- | 1,000 |
| 0053 Data Processing Services | -- | -- | 169,993 |
| 6030 Total Expenditures | 1,117 | 452,435 | 1,529,806 |
| 1100 Excess (Deficiency) of Revenues Over (Under) | -- | -- | -- |
| 1100 Expenditures | -- | -- | -- |
| Other Financing Sources and (Uses): | | | |
| 7915 Transfers In | -- | -- | -- |
| 8911 Transfers Out | -- | -- | -- |
| 7080 Total Other Financing Sources and (Uses) | -- | -- | -- |
| 1200 Net Change in Fund Balances | -- | -- | -- |
| 0100 Fund Balances - Beginning | -- | -- | -- |
| 3000 Fund Balances - Ending | \$ -- | \$ -- | \$ -- |

| of t | 288 Special Federal Revenue Fund | 289 Emergency Impact Aid LEA | 313 IDEA-B Formula | 314 IDEA-B Preschool | 461 Campus Activity Funds |
|---------|---|---------------------------------------|--------------------------|----------------------------|------------------------------------|
| | \$ -- | \$ -- | \$ -- | \$ -- | \$ 25,516 |
| | 26,320 | -- | -- | -- | -- |
| | -- | 50,387 | 605,434 | 19,939 | -- |
| | <u>26,320</u> | <u>50,387</u> | <u>605,434</u> | <u>19,939</u> | <u>25,516</u> |
| | -- | 21,230 | 305,733 | 19,939 | 4,651 |
| | -- | -- | -- | -- | 16,119 |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | 10,223 |
| | -- | -- | 299,701 | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- |
| | 26,320 | -- | -- | -- | -- |
| | -- | 29,157 | -- | -- | -- |
| | <u>26,320</u> | <u>50,387</u> | <u>605,434</u> | <u>19,939</u> | <u>30,993</u> |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | (5,477) |
| | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | 1,000 |
| | -- | -- | -- | -- | (2,020) |
| | -- | -- | -- | -- | (1,020) |
| | -- | -- | -- | -- | (6,497) |
| | -- | -- | 69 | (69) | 40,238 |
| \$ | <u>--</u> | <u>--</u> | <u>\$ 69</u> | <u>\$ (69)</u> | <u>\$ 33,741</u> |



WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | 482 Special Revenue Fund - Local | 499 Wharton County Community Foundation | Total Nonmajor Special Revenue Funds (See Exhibit C-2) |
|--|---|--|---|
| REVENUES: | | | |
| 5700 Local and Intermediate Sources | \$ 46,096 | \$ -- | \$ 275,468 |
| 5800 State Program Revenues | 2,051 | -- | 88,836 |
| 5900 Federal Program Revenues | -- | -- | 4,989,701 |
| 5020 Total Revenues | <u>48,147</u> | <u>--</u> | <u>5,354,005</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 47,727 | 3,000 | 2,111,973 |
| 0012 Instructional Resources and Media Services | -- | -- | 204,541 |
| 0013 Curriculum and Staff Development | 420 | 455 | 94,432 |
| 0021 Instructional Leadership | -- | -- | 12,884 |
| 0023 School Leadership | -- | -- | 36,916 |
| 0031 Guidance, Counseling, and Evaluation Services | -- | -- | 316,104 |
| 0032 Social Work Services | -- | -- | 250 |
| 0033 Health Services | -- | -- | 98,701 |
| 0034 Student Transportation | -- | -- | 247,404 |
| 0035 Food Service | -- | -- | 1,233,733 |
| 0036 Cocurricular/Extracurricular Activities | -- | -- | 1,000 |
| 0041 General Administration | -- | -- | 9,464 |
| 0051 Facilities Maintenance and Operations | -- | -- | 141,230 |
| 0052 Security and Monitoring Services | -- | -- | 27,320 |
| 0053 Data Processing Services | -- | -- | 231,629 |
| 6030 Total Expenditures | <u>48,147</u> | <u>3,455</u> | <u>4,767,581</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) | | | |
| 1100 Expenditures | <u>--</u> | <u>(3,455)</u> | <u>586,424</u> |
| Other Financing Sources and (Uses): | | | |
| 7915 Transfers In | -- | -- | 1,000 |
| 8911 Transfers Out | -- | -- | (2,020) |
| 7080 Total Other Financing Sources and (Uses) | <u>--</u> | <u>--</u> | <u>(1,020)</u> |
| 1200 Net Change in Fund Balances | <u>--</u> | <u>(3,455)</u> | <u>585,404</u> |
| 0100 Fund Balances - Beginning | <u>--</u> | <u>9,150</u> | <u>189,977</u> |
| 3000 Fund Balances - Ending | <u>\$ --</u> | <u>\$ 5,695</u> | <u>\$ 775,381</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT**EXHIBIT H-3**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 1 | 2 | 3 |
|--------------------------|--|-----------------------|----------------------|------------------------------------|
| | | Budget | Actual | Variance Positive (Negative) |
| | REVENUES: | | | |
| 5700 | Local and Intermediate Sources | \$ -- | \$ 74,043 | \$ 74,043 |
| 5020 | Total Revenues | <u>--</u> | <u>74,043</u> | <u>74,043</u> |
| | EXPENDITURES: | | | |
| | Capital Outlay: | | | |
| 0081 | Capital Outlay | <u>4,290,851</u> | <u>4,290,851</u> | <u>--</u> |
| | Total Capital Outlay | <u>4,290,851</u> | <u>4,290,851</u> | <u>--</u> |
| 6030 | Total Expenditures | <u>4,290,851</u> | <u>4,290,851</u> | <u>--</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | |
| 1100 | Expenditures | <u>(4,290,851)</u> | <u>(4,216,808)</u> | <u>74,043</u> |
| 1200 | Net Change in Fund Balance | <u>(4,290,851)</u> | <u>(4,216,808)</u> | <u>74,043</u> |
| 0100 | Fund Balance - Beginning | <u>--</u> | <u>39,527,025</u> | <u>39,527,025</u> |
| 3000 | Fund Balance - Ending | <u>\$ (4,290,851)</u> | <u>\$ 35,310,217</u> | <u>\$ 39,601,068</u> |

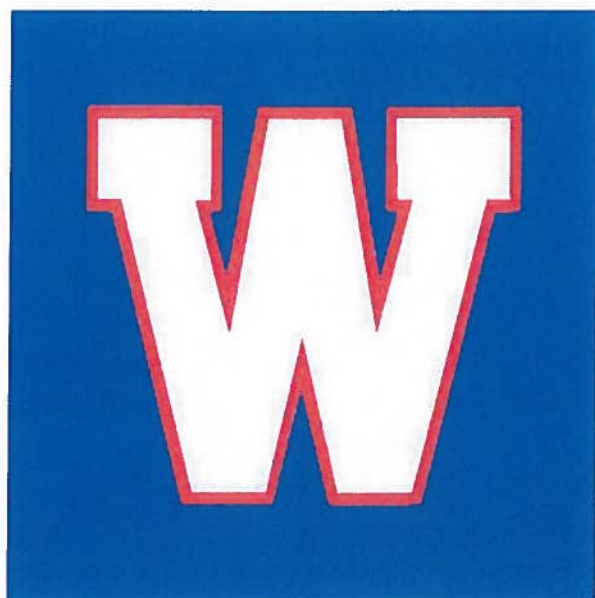
WHARTON INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2022

| Data Control Codes | 863 Payroll Clearing | 865 Student Activity | Total Custodial Funds (See Exhibit E-1) |
|---|----------------------------|----------------------------|--|
| ASSETS: | | | |
| 1110 Cash and Cash Equivalents | \$ 30,650 | \$ 127,631 | \$ 158,281 |
| 1000 Total Assets | <u>30,650</u> | <u>127,631</u> | <u>158,281</u> |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| 2120 Bonds and Loans Payable - Current Year | \$ 2,473 | \$ -- | \$ 2,473 |
| 2150 Payroll Deduction and Withholdings | 299,518 | -- | 299,518 |
| 2190 Due to Groups | -- | 126,611 | 126,611 |
| 2000 Total Liabilities | <u>301,991</u> | <u>126,611</u> | <u>428,602</u> |
| NET POSITION: | | | |
| 3800 Restricted for Other Purposes | (271,341) | 1,020 | (270,321) |
| 3000 Total Net Position | <u><u>\$ (271,341)</u></u> | <u><u>\$ 1,020</u></u> | <u><u>\$ (270,321)</u></u> |



Other Supplementary Information

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

WHARTON INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE TEN MONTHS ENDED JUNE 30, 2022

| Year Ended August 31 | 1 | | 2 | 3 |
|---------------------------------|-------------|--------------|--|---|
| | Tax Rates | | Assessed/Appraised Value For School Tax Purposes | |
| | Maintenance | Debt Service | | |
| 2013 and Prior Years | \$ Various | \$ Various | \$ Various | |
| 2014 | 1.0401 | 0.1748 | 958,224,134 | |
| 2015 | 1.0401 | 0.1570 | 1,003,410,826 | |
| 2016 | 1.0401 | 0.1570 | 912,298,722 | |
| 2017 | 1.1700 | 0.0270 | 988,205,514 | |
| 2018 | 1.1700 | 0.0270 | 1,146,091,562 | |
| 2019 | 1.0900 | 0.1070 | 1,353,600,167 | |
| 2020 | 1.0165 | 0.2807 | 1,292,121,884 | |
| 2021 | 1.0028 | 0.2836 | 1,308,062,802 | |
| '2022 (School Year Under Audit) | 0.9634 | 0.3500 | 1,273,231,157 | |

1000 Totals

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

| 10 | 20 | 31 | 32 | 40 | 50 |
|------------------------------------|---------------------------------|----------------------------|-----------------------------|---------------------------------|---------------------------------|
| Beginning Balance 07/01/2021 | Current Year's Total Levy | Maintenance Collections | Debt Service Collections | Entire Year's Adjustments | Ending Balance 06/30/2022 |
| \$ 211,851 | \$ -- | \$ 20,568 | \$ 1,800 | \$ -- | \$ 189,483 |
| 24,198 | -- | 2,928 | 463 | -- | 20,807 |
| 34,796 | -- | 3,984 | 575 | -- | 30,237 |
| 31,013 | -- | 4,837 | 722 | -- | 25,454 |
| 39,604 | -- | 9,603 | 180 | -- | 29,821 |
| 53,734 | -- | 14,850 | 302 | 146 | 38,728 |
| 157,100 | -- | 24,889 | 1,933 | 6,278 | 136,556 |
| 145,835 | -- | 49,049 | 13,651 | 5,054 | 88,188 |
| 372,591 | -- | 159,763 | 50,636 | (14,376) | 147,815 |
| -- | 16,725,694 | 11,885,257 | 4,324,262 | (34,765) | 481,410 |
| \$ <u>1,070,722</u> | \$ <u>16,725,694</u> | \$ <u>12,175,727</u> | \$ <u>4,394,526</u> | \$ <u>(194,348)</u> | \$ <u>1,188,499</u> |

WHARTON INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF JUNE 30, 2022

| <u>Data Control Codes</u> | | <u>Responses</u> |
|--|--|------------------|
| <u>Section A: Compensatory Education Programs</u> | | |
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| AP2 | Does the LEA have written policies and procedures for its state compensatory education program? | Yes |
| AP3 | List the total state allotment funds received for state compensatory education programs during the district's fiscal year. | \$ 2,606,983 |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34) | \$ 2,606,983 |
| <u>Section B: Bilingual Education Programs</u> | | |
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | \$ 118,132 |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35) | \$ 144,653 |

WHARTON INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-4**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 1 | 2 | 3 |
|-------------------------------------|--|------------|------------|------------------------------------|
| | | Budget | Actual | Variance Positive (Negative) |
| REVENUES: | | | | |
| 5700 | Local and Intermediate Sources | \$ 90,000 | \$ 203,856 | \$ 113,856 |
| 5800 | State Program Revenues | 43,471 | 58,772 | 15,301 |
| 5900 | Federal Program Revenues | 1,097,479 | 1,507,325 | 409,846 |
| 5020 | Total Revenues | 1,230,950 | 1,769,953 | 539,003 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services - Student (Pupil): | | | | |
| 0035 | Food Services | 1,203,950 | 1,174,597 | 29,353 |
| | Total Support Services - Student (Pupil) | 1,203,950 | 1,174,597 | 29,353 |
| 6030 | Total Expenditures | 1,203,950 | 1,174,597 | 29,353 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | |
| 1100 | Expenditures | 27,000 | 595,356 | 568,356 |
| 1200 | Net Change in Fund Balance | 27,000 | 595,356 | 568,356 |
| 0100 | Fund Balance - Beginning | 110,295 | 110,295 | -- |
| 3000 | Fund Balance - Ending | \$ 137,295 | \$ 705,651 | \$ 568,356 |

WHARTON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

FUND 511
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | | 1 | 2 | 3 |
|--------------------------|--|--------------------|---------------------|------------------------------------|
| | | Budget | Actual | Variance Positive (Negative) |
| | REVENUES: | | | |
| 5700 | Local and Intermediate Sources | \$ 4,428,027 | \$ 4,436,018 | \$ 7,991 |
| 5800 | State Program Revenues | -- | 1,533 | 1,533 |
| 5020 | Total Revenues | <u>4,428,027</u> | <u>4,437,551</u> | <u>9,524</u> |
| | EXPENDITURES: | | | |
| | Debt Service: | | | |
| 0071 | Principal on Long-Term Debt | 2,035,000 | 2,168,162 | (133,162) |
| 0072 | Interest on Long-Term Debt | 2,430,114 | 2,243,981 | 186,133 |
| 0073 | Bond Issuance Costs and Fees | -- | 196,590 | (196,590) |
| | Total Debt Service | <u>4,465,114</u> | <u>4,608,733</u> | <u>(143,619)</u> |
| 6030 | Total Expenditures | <u>4,465,114</u> | <u>4,608,733</u> | <u>(143,619)</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) | | | |
| 1100 | Expenditures | <u>(37,087)</u> | <u>(171,182)</u> | <u>(134,095)</u> |
| | Other Financing Sources (Uses): | | | |
| 7911 | Capital-Related Debt Issued (Regular Bonds) | -- | 12,180,000 | 12,180,000 |
| 7916 | Premium or Discount on Issuance of Bonds | -- | 1,141,093 | 1,141,093 |
| 8911 | Transfers Out | -- | (9,446) | (9,446) |
| 8949 | Other Uses | -- | (13,124,207) | (13,124,207) |
| 7080 | Total Other Financing Sources and (Uses) | <u>--</u> | <u>187,440</u> | <u>187,440</u> |
| 1200 | Net Change in Fund Balance | <u>(37,087)</u> | <u>16,258</u> | <u>53,345</u> |
| 0100 | Fund Balance - Beginning | -- | 1,650,071 | 1,650,071 |
| 3000 | Fund Balance - Ending | <u>\$ (37,087)</u> | <u>\$ 1,666,329</u> | <u>\$ 1,703,416</u> |

Harry Afadapa & Associates, PC

Certified Public Accountants

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Houston, Texas 77070

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

Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wharton Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Wharton Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Harry Afadapa & Associates, PC

Houston, Texas

November 14, 2022

Harry Afadapa & Associates, PC
Certified Public Accountants
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Houston, Texas 77070
(832)960-7977~www.afadapa.com

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

Board of Trustees
Wharton Independent School District
2100 N. Fulton
Wharton, Texas 77488

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wharton Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Wharton Independent School District's major federal programs for the year ended June 30, 2022. Wharton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wharton Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

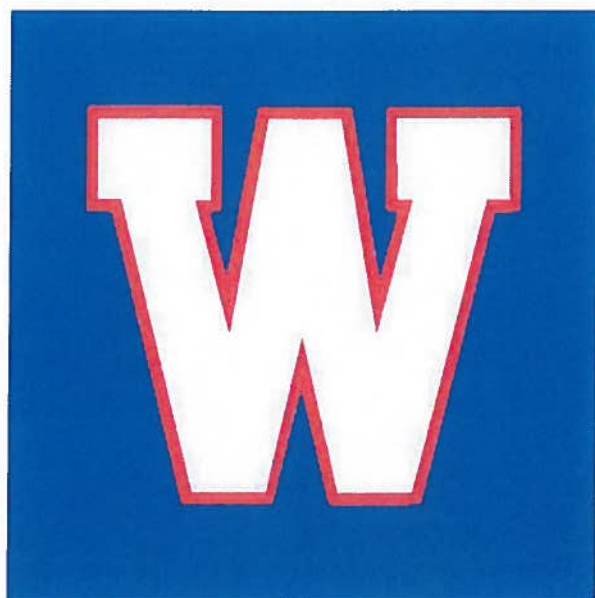
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,

Harry Afadapa & Associates, PC
Harry Afadapa & Associates, PC

Houston, Texas
November 14, 2022



WHARTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

Version of compliance supplement used in audit: August 2021

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027/84.173 | IDEA-Part B Formular/Pre-school |
| 84.425D | CARES Act Coronavirus Relief Fund-ESSER |
| 10.553/10.555 | National Nutrition Food Program |

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

WHARTON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

| <u>Finding/Recommendation</u> | <u>Current Status</u> | <u>Management's Explanation If Not Implemented</u> |
|-------------------------------|-----------------------|--|
| None | | |

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT K-1

Page 1 of 2

| (1) | (2) | (2A) | (3) |
|---|---------------------------|---|--|
| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass- Through Entity Identifying Number | Passed Through to Subrecipients Federal Expenditures |
| HEAD START CLUSTER: | | | |
| <u>U. S. Department of Health and Human Services</u> | | | |
| Passed Through State Department of Education: | | | |
| Head Start | 93.600 | 99999999 | \$ -- \$ 15,031 |
| Total U. S. Department of Health and Human Services | | | -- 15,031 |
| Total Head Start Cluster | | | -- 15,031 |
| SPECIAL EDUCATION (IDEA) CLUSTER: | | | |
| <u>U. S. Department of Education</u> | | | |
| Passed Through State Department of Education: | | | |
| IDEA-Part B, Discretionary | 84.027 | 22660001241904 | -- -- |
| SSA IDEA - Part B, Formula | 84.027 | 22660001241904 | 1,392 3,395 |
| SSA IDEA - Part B, Formula | 84.027 | 22660001241904 | 52,377 127,749 |
| SSA IDEA - Part B, Formula | 84.027 | 22660001241904 | 194,459 474,290 |
| Total CFDA Number 84.027 | | | 248,228 605,434 |
| SSA IDEA - Part B, Preschool | 84.173 | 22661001241904 | -- -- |
| SSA IDEA - Part B, Preschool | 84.173 | 22661001241904 | 8,175 19,939 |
| Total CFDA Number 84.173 | | | 8,175 19,939 |
| Total Passed Through State Department of Education | | | 256,403 625,373 |
| Total U. S. Department of Education | | | 256,403 625,373 |
| Total Special Education (IDEA) Cluster | | | 256,403 625,373 |
| OTHER PROGRAMS: | | | |
| <u>U. S. Department of Education</u> | | | |
| Direct Programs: | | | |
| Federally Funded Special Revenue Funds | 84.424a | 185107011241904 | -- 12,506 |
| Federally Funded Special Revenue Funds | 84.424a | 185107011241904 | -- 14,711 |
| Federally Funded Special Revenue Funds | 84.424a | 185107011241904 | -- 23,170 |
| Total Direct Programs | | | -- 50,387 |
| Passed Through State Department of Education: | | | |
| ESEA Title I Part A - Improving Basic Programs | 84.010a | 22610141241904 | -- -- |
| ESEA Title I Part A - Improving Basic Programs | 84.010a | 22610141241904 | -- 154,003 |
| ESEA Title I Part A - Improving Basic Programs | 84.010a | 22610141241904 | -- 341,942 |
| Total CFDA Number 84.010a | | | -- 495,945 |
| Career and Technical Education - Basic Grant | 84.048 | 2240006241904 | -- 21,871 |
| ESEA, Title VI, Part B, Subpart 2-Rural and Low Income School Gr | 84.358a | 21696001241904 | -- 308 |
| ESEA, Title V, Part B, Subpart 2-Rural and Low Income School Gr | 84.358a | 22696001241904 | -- 32,479 |
| Total CFDA Number 84.358a | | | -- 32,787 |
| Title III, Part A-English Language Acquisition and Language Enhar | 84.365a | 22671001241904 | -- 18,123 |
| ESEA Title II, Part A - Teacher and Principal Training and Recruitin | 84.367a | 22694501241904 | -- 16,340 |
| ESEA Title II, Part A - Teacher & Principal Training & Recruiting | 84.367a | 22694501241904 | -- 161 |
| ESEA Title II, Part A - Teacher & Principal Training & Recruiting | 84.367a | 22694501241904 | -- 8,005 |
| Total CFDA Number 84.367a | | | \$ -- \$ 24,506 |

WHARTON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT K-1

Page 2 of 2

| (1) | (2) | (2A) | (3) |
|---|---------------------------|---|--|
| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass- Through Entity Identifying Number | Passed Through to Subrecipients Federal Expenditures |
| CARES Act Coronavirus Relief Fund (CRF) - ESSER | 84.425d | 20521001241904 | \$ -- \$ 170,552 |
| ESSER Fund II of the CRRSA Act | 84.425u | 21528001241904 | -- 452,435 |
| ESSER Fund III of the American Rescue Plan Act of 2021 | 84.425u | 21528001241904 | -- 1,529,806 |
| Total CFDA Number 84.425d | | | -- 2,152,793 |
| Texas COVID Learning Acceleration Supports (TCLAS)-State ESS | 84.425U | 99999999 | -- 1,117 |
| Federally Funded Special Revenue Funds-Fund 2882 | 16.738 | 99999999 | -- 26,320 |
| Total CFDA Number -84.938a | | | -- 26,320 |
| Total Passed Through State Department of Education | | | -- 2,762,173 |
| Total U. S. Department of Education | | | -- 3,464,253 |
| <u>U.S. Department of Agriculture</u> | | | |
| Pass Through Texas Department of Agriculture: | | | |
| Pass Through State Department of Education: | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 714022 | -- 316,331 |
| Total CFDA Number 10.553 | | | -- 316,331 |
| National School Lunch Program | 10.555 | 713022 | -- 904,402 |
| Total CFDA Number 10.555 | | | -- 904,402 |
| Total U. S. Department of Agriculture | | | -- 1,220,733 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | 256,403 4,684,986 |
| TOTAL EXPENDITURES PER EXHIBIT H-2 | | | 4,767,581 |
| Reconciliation of Expenditures | | | |
| Less: | | | |
| Non-Federal expenditures | | | (82,595) |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | 4,684,986 |

The accompanying notes are an integral part of this schedule.

WHARTON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

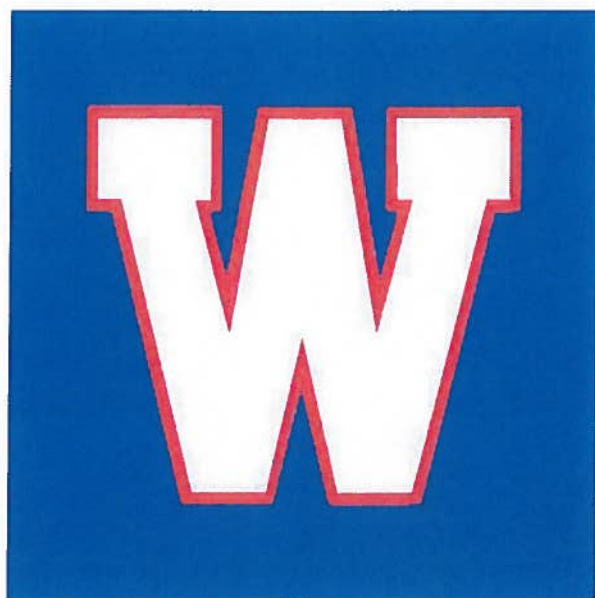
Basis of Presentation

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

Summary of Significant Accounting Policies

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

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



WHARTON INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2022

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