ITASCA

INDEPENDENT SCHOOL DISTRICT

Home of the Wampus Cats!

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
AUGUST 31, 2022

ITASCA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS

Required Supplementary Information (continued)

Combining Statements

Required TEA Schedules

Federal Awards Section

CERTIFICATE OF BOARD

Itasca Independent School District	Hill	109-907
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved ______ disapproved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the December 13, 2022.

Kelley Strona
Signature of Board Secretary

Brian Bussett
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)

THIS PAGE LEFT BLANK INTENTIONALLY

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Itasca Independent School District
Itasca, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Itasca Independent School District, as of August 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Itasca 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 Itasca 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, budgetary comparison information, and pension and OPEB information as presented in the table of contents, to 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 Itasca Independent School District's basic financial statements. The combining nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, required TEA schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of Itasca 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 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 Itasca Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 13, 2022

THIS PAGE LEFT BLANK INTENTIONALLY

Our discussion and analysis of Itasca Independent School District's financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2022. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $7,045,778 (*net position)*. Of this amount, $2,980,159 *(unrestricted net position)* may be used to meet the District's ongoing obligations to citizens and creditors.

- The District's total net position increased by $2,294,208 from operations.

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $8,709,068, an increase of $1,936,394 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $6,326,997 or 84.69% of total General Fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a long-term view of the District's property and obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

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

The combining statements for nonmajor funds contain even more information about the District's individual funds. The sections labeled TEA Required Schedules and Compliance Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The government-wide financial statements begin immediately following the management's discussion and analysis. Their primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred inflows/outflows of resources and liabilities while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by most private sector companies.

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

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets, deferred inflows/outflows of resources and liabilities) provide one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has the following activity:

> ***Governmental Activities*** – The District's services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The Fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U. S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District incorporates two kinds of funds – governmental funds and proprietary funds.

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

> ***Proprietary Funds –*** The District's proprietary fund is classified as an internal service fund which is used to report activities that provide supplies and services for the District's other programs and activities—such as the District's Workers' Compensation Self-Insurance Fund.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use them to support its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Net position of the District's governmental activities increased from $4,751,570 to $7,045,778. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was $2,980,159 and $860,783 at August 31, 2022 and 2021, respectively.

TABLE 1
ITASCA INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities	
	2022	2021
Current and other assets	$ 9,437,255	$ 7,793,925
Capital Assets	13,139,363	13,564,628
Total Assets	22,576,618	21,358,553
Total deferred outflows of resources	1,035,862	1,142,855
Long-term liabilities	12,887,549	14,405,876
Other liabilities	608,880	891,919
Total liabilities	13,496,429	15,297,795
Total deferred inflows of resources	3,070,273	2,452,043
Net position:		
Net investment in capital assets	3,267,323	3,231,170
Restricted	798,296	659,617
Unrestricted	2,980,159	860,783
Total net position	$ 7,045,778	$ 4,751,570

TABLE 2
ITASCA INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
REVENUES		
Program revenue:		
Charges for services	$ 317,477	$ 94,534
Operating grants and contributions	2,086,994	1,759,532
General revenues:		
Maintenance and operations taxes	2,704,043	2,513,223
Debt service taxes	824,309	739,707
Grants and contributions not restricted	5,860,480	5,302,564
Investment earnings	43,190	8,993
Miscellaneous	30,829	71,491
Total Revenue	11,867,322	10,490,044
EXPENSES		
Instruction	4,611,774	4,751,269
Instructional resources and media services	252,748	250,667
Curriculum and Instructional staff development	50,053	92,570
Instructional leadership	128,875	227,793
School leadership	441,288	503,896
Guidance, counseling and evaluation services	126,564	160,409
Health services	55,505	63,538
Student (pupil) transportation	231,288	226,266
Food services	459,431	441,081
Co-curricular/extra curricular activities	682,517	610,394
General administration	439,765	410,564
Plant maintenance and operations	1,114,039	1,128,118
Security and monitoring services	29,524	39,226
Data processing services	120,866	119,003
Community services	1,477	743
Debt service - interest on long-term debt	281,012	300,348
Debt service - bond issuance costs	1,550	1,200
Payments to fiscal agents/member districts of SSA	433,662	389,461
Payments to Juvenile Justice Alternative Ed. Program	8,170	-
Other intergovernmental charges	103,006	96,093
Total Expenses	9,573,114	9,812,639
CHANGE IN NET POSITION	2,294,208	677,405
NET POSITION, BEGINNING	4,751,570	4,074,165
NET POSITION, ENDING	$ 7,045,778	$ 4,751,570

Governmental activities increased the District's net position by $2,294,208. Revenues increased due to an increase in unrestricted grants and contributions of $557,916, an increase in operating grants of $327,462, and an increase in property taxes of $275,422.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of $8,709,068, which is more than last year's total of $6,772,674. Included in this year's total change in fund balance is an increase in the balance of the General Fund and Debt Service Fund. Local revenues in the General Fund increased by $390,313, which was largely driven by growth in the District's property tax base, despite a decrease in the property tax rate. State entitlement revenue increased $535,931 during the year, as well. The increase of $102,851 in the Debt Service fund can also be attributed to the growth in the District's property tax base.

Over the course of the year, the Board of Trustees amended the District's General Fund budget several times. The primary budget amendments for the year were to decrease instruction expenditures. The difference between the original and final budgeted expenditures was an increase of $248,730.

The ESSER II Fund, which accounts for funds used to support safely reopening and sustaining school operations resulting from the COVID-19 pandemic, included $392,607 of expenditures primarily related to instruction.

The ESSER III Fund, included $818,576 of expenditures primarily related to instruction and facilities maintenance and operation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had approximately $13.1 million invested in a broad range of capital assets, including instructional facilities and equipment, transportation facilities and equipment, athletic facilities, and administrative and maintenance buildings and equipment. The District's major additions included multiple vehicles and air conditioning units. Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At year-end, the District had approximately $9.9 million in bonds outstanding versus $10.3 million last year – a decrease of 4%. This decrease in debt resulted from the debt service payments of $410,000. Additional information on the District's long-term debt can be found in the notes to the financial statements.

The District also reports a Net Pension Liability and Other Postemployment Benefits Liability in the amounts of $833,146 and $2,176,330, respectively. These liabilities decreased by $965,317 and $91,728, respectively, over the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2021-2022 budget and tax rates. Those factors include property values, change in enrollment, the economy, and legislative mandates. The District has adopted a balanced General Fund budget for 2021-2022, with revenues and expenditures, including the transfer to the Food Service Fund, of $8,275,151. The district expects the general fund balance for fiscal year 2023 to remain about the same as fiscal year 2022.

The district's student enrollment is predicted to remain steady or increase slightly for the 2021-2022 school year. The District's property values have increased over recent years and are expected to continue to increase. Separate tax rates are adopted for Maintenance and Operations (M&O) and for Debt Service. The rates stated are per $100 of value. The tax rate for M&O for fiscal year 2021 was $0.9603. The adopted tax rate for fiscal year 2022 is $.9603. The debt service rate for 2022 was $.2931. The adopted tax rate for fiscal year 2023 is $1.1860.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Administration office, at 123 N. College Street, Itasca, Texas 76055.

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 7,892,028
1220	Property taxes receivables (delinquent)	196,501
1230	Allowance for uncollectible taxes	(58,220)
1240	Due from other governments	1,406,946
	Capital assets:	
1510	Land	330,500
1520	Buildings and improvements, net	11,990,888
1530	Furniture and equipment, net	817,975
1000	Total assets	22,576,618
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflow related to pensions	495,629
1706	Deferred outflow related to other post-employment benefit	540,233
1700	Total deferred outflows of resources	1,035,862
	LIABILITIES	
2110	Accounts payable	99,697
2140	Interest payable	13,432
2150	Payroll deductions and withholdings	52,625
2160	Accrued wages payable	321,980
2180	Due to other governments	59,904
2200	Accrued expenses	61,242
	Noncurrent liabilities:	
	Due within one year	
2501	Long-term debt	360,000
	Due in more than one year	
2502	Long-term debt	9,518,073
2540	Net pension liability	833,146
2545	Net other post-employment benefit liability	2,176,330
2000	Total liabilities	13,496,429
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to pensions	1,130,375
2606	Deferred inflow related to other post-employment benefit	1,939,898
2600	Total deferred inflows of resources	3,070,273
	NET POSITION	
3200	Net investment in capital assets	3,267,323
	Restricted for:	
3820	Federal and state programs	40,112
3850	Debt service	758,184
3900	Unrestricted	2,980,159
3000	Total net position	$ 7,045,778

The accompanying notes are an integral part of this financial statement.

THIS PAGE LEFT BLANK INTENTIONALLY

EXHIBIT B-1

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position 6 Primary Government Governmental Activities
	Primary government:				
	Governmental activities:				
11	Instruction	$ 4,611,774	$ 222,430	$ 1,127,161	(3,262,183)
12	Instructional resources and media services	252,748	-	19,917	(232,831)
13	Curriculum and staff development	50,053	-	38,007	(12,046)
21	Instructional leadership	128,875	-	64,628	(64,247)
23	School leadership	441,288	-	11,987	(429,301)
31	Guidance, counseling, and evaluation services	126,564	-	65,793	(60,771)
33	Health services	55,505	-	229	(55,276)
34	Student transportation	231,288	-	2,201	(229,087)
35	Food service	459,431	50,026	440,974	31,569
36	Extracurricular activities	682,517	45,021	(3,224)	(640,720)
41	General administration	439,765	-	(1,017)	(440,782)
51	Facilities maintenance and operations	1,114,039	-	268,849	(845,190)
52	Security and monitoring services	29,524	-	(102)	(29,626)
53	Data processing services	120,866	-	657	(120,209)
61	Community services	1,477	-	-	(1,477)
72	Interest on long-term debt	281,012	-	17,505	(263,507)
73	Bond issuance costs and fees	1,550	-	-	(1,550)
93	Payments related to shared services arrangements	433,662	-	33,429	(400,233)
95	Payments to juvenile justice alternative education program	8,170	-	-	(8,170)
99	Other governmental changes	103,006	-	-	(103,006)
TG	Total governmental activities	$ 9,573,114	$ 317,477	$ 2,086,994	(7,168,643)
	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				2,704,043
DT	Property taxes, levied for debt service				824,309
GC	Grants and contributions not restricted				5,860,480
IE	Investment earnings				43,190
MI	Miscellaneous				30,829
TR	Total general revenues and transfers				9,462,851
CN	Change in net position				2,294,208
NB	Net position, beginning				4,751,570
NE	Net position, ending				$ 7,045,778

The accompanying notes are an integral part of this financial statement.

ITASCA INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		10 General	281 ESSER II	282 ESSER III
	ASSETS			
1110	Cash and cash equivalents	$ 6,992,126	$ -	$ -
1220	Property taxes, delinquent	152,417	-	-
1230	Allowance for uncollectible taxes	(45,159)	-	-
1240	Due from other governments	695,445	250,192	289,147
1260	Due from other funds	624,699	-	-
1000	Total assets	8,419,528	$ 250,192	$ 289,147
	LIABILITIES			
2110	Accounts payable	60,782	5,600	-
2150	Payroll deductions and withholdings	52,625	-	-
2160	Accrued wages payable	264,938	19,781	23,856
2170	Due to other funds	66,919	223,307	263,171
2180	Due to state	-	-	-
2200	Accrued expenditures	5,436	1,504	2,120
2000	Total liabilities	450,700	250,192	289,147
	DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue-property taxes	91,831	-	-
	Total deferred inflows of resources	91,831	-	-
	FUND BALANCES			
	Restricted:			
3450	Federal and state grants	-	-	-
3470	Capital acquisitions and contractual obligations	-	-	-
3480	Debt service	-	-	-
	Committed:			
3510	Construction	1,500,000	-	-
3540	Self-insurance	50,000	-	-
3545	Campus activities	-	-	-
3600	Unassigned	6,326,997	-	-
3000	Total fund balances	7,876,997	-	-
4000	Total liabilities, deferred inflows of resources and fund balances	$ 8,419,528	$ 250,192	$ 289,147

The accompanying notes are an integral part of this financial statement.

50 Debt Service Fund	Other Governmental	98 Total Governmental
$ 769,967	$ 121,301	$ 7,883,394
44,084	-	196,501
(13,061)	-	(58,220)
22,975	149,187	1,406,946
7,555	-	632,254
$ 831,520	$ 270,488	10,060,875
-	33,315	99,697
-	-	52,625
-	13,405	321,980
-	136,077	689,474
59,904	-	59,904
-	765	9,825
59,904	183,562	1,233,505
26,471	-	118,302
26,471	-	118,302
-	40,112	40,112
-	6,033	6,033
745,145	-	745,145
-	-	1,500,000
-	-	50,000
-	40,781	40,781
-	-	6,326,997
745,145	86,926	8,709,068
$ 831,520	$ 270,488	$ 10,060,875

THIS PAGE LEFT BLANK INTENTIONALLY

ITASCA INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		
	Total Fund Balances - Governmental Funds	$ 8,709,068
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	14,437
2	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,139,363
3	Uncollected property taxes are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	118,302
4	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(9,878,073)
5	Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(13,432)
6	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability. The net position related to pensions included a deferred resource outflow in the amount of $495,629, a deferred resource inflow in the amount of $1,130,375, and a net pension liability in the amount of $833,146.	(1,467,892)
7	Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability. The net position related to the OPEB included a deferred resource outflow in the amount of $540,233, a deferred resource inflow in the amount of $1,939,898, and a net OPEB liability in the amount of $2,176,330.	(3,575,995)
19	**Net position of governmental activities**	$ 7,045,778

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10 General	281 ESSER II	282 ESSER III
	REVENUES			
5700	Local and intermediate sources	$ 3,018,612	$ -	$ -
5800	State program revenues	6,192,989	-	-
5900	Federal program revenues	64,297	392,607	818,576
5020	Total revenues	9,275,898	392,607	818,576
	EXPENDITURES			
	Current:			
0011	Instruction	3,796,490	326,009	572,101
0012	Instructional resources and media services	228,032	20,916	-
0013	Curriculum and instructional staff development	7,959	-	-
0021	Instructional leadership	75,666	-	1,015
0023	School leadership	450,055	-	8,116
0031	Guidance, counseling, and evaluation services	65,321	-	2,029
0033	Health services	56,628	-	1,015
0034	Student transportation	187,066	-	1,015
0035	Food service	-	-	-
0036	Extracurricular activities	528,638	-	507
0041	General administration	460,211	-	2,030
0051	Facilities maintenance and operations	913,747	45,682	228,719
0052	Security and monitoring services	30,263	-	-
0053	Data processing services	124,397	-	2,029
0061	Community services	1,477	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
0073	Bond issuance costs and fees	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	433,662	-	-
0095	Payments related to juvenile justice alternative education programs	8,170	-	-
0099	Other intergovernmental charges	103,006	-	-
6030	Total expenditures	7,470,788	392,607	818,576
1200	**NET CHANGE IN FUND BALANCES**	1,805,110	-	-
0100	**FUND BALANCES, BEGINNING**	6,071,887	-	-
3000	**FUND BALANCES, ENDING**	$ 7,876,997	$ -	$ -

50 Debt Service Fund	Other Governmental	98 Total Governmental
$ 830,059	$ 79,261	$ 3,927,932
17,505	52,945	6,263,439
-	827,591	2,103,071
847,564	959,797	12,294,442
-	251,897	4,946,497
-	-	248,948
-	37,995	45,954
-	64,277	140,958
-	9,867	468,038
-	64,396	131,746
-	-	57,643
-	1,482	189,563
-	468,940	468,940
-	32,510	561,655
-	-	462,241
-	-	1,188,148
-	-	30,263
-	-	126,426
-	-	1,477
410,000	-	410,000
333,163	-	333,163
1,550	-	1,550
-	-	433,662
-	-	8,170
-	-	103,006
744,713	931,364	10,358,048
102,851	28,433	1,936,394
642,294	58,493	6,772,674
$ 745,145	$ 86,926	$ 8,709,068

The accompanying notes are an integral part of this financial statement.

ITASCA INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Net change in fund balances - total governmental funds	$ 1,936,394
Amounts reported for governmental activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of certain activities, such as print shop services and insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(2,768)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(425,265)
Property tax revenues that do not provide current financial resources are not reported as revenues in the funds.	(8,126)
Bond and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.	462,151
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $183,747. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling $139,612. Finally, the proportionate share of the TRS pension expense in the plan as a whole had to be recorded. The net pension expense decreased the change in net position by $130,590. The net result is an increase in the change in net position.	174,725
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $53,475. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling $44,036. Finally, the proportionate share of the TRS OPEB expense in the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by $147,658. The net result is an increase in the change in net position.	157,097
Change in net position of governmental activities	$ 2,294,208

The accompanying notes are an integral part of this financial statement.

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2022

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 8,634
Due from other funds	59,364
Total assets	67,998
LIABILITIES	
Current liabilities:	
Due to other funds	2,144
Accrued expenses	51,417
Total liabilities	53,561
NET POSITION	
Unrestricted net position	14,437
Total net position	$ 14,437

The accompanying notes are an integral part of this financial statement.

EXHIBIT D-2

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for services	$ 45,000
Total operating revenues	45,000
OPERATING EXPENSES	
Other operating costs	47,810
Total operating expenses	47,810
OPERATING INCOME (LOSS)	(2,810)
NONOPERATING REVENUES (EXPENSES)	
Earnings from temporary deposits and investments	42
Total nonoperating revenues (expenses)	42
CHANGES IN NET POSITION	(2,768)
TOTAL NET POSITION, BEGINNING	17,205
TOTAL NET POSITION, ENDING	$ 14,437

The accompanying notes are an integral
part of this financial statement.

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 45,636
Cash payments for insurance claims	(54,096)
Net cash provided (used) by operating activities	(8,460)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest on investments	42
Net cash provided (used) by capital and related financing activities	42
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,418)
CASH AND CASH EQUIVALENTS, BEGINNING	17,052
CASH AND CASH EQUIVALENTS, ENDING	$ 8,634
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CHANGES IN NET POSITION	
Operating income (loss)	$(2,810)
(Increase) decrease in due from other funds	636
Increase (decrease) in accrued expenses	(6,286)
Net cash provided (used) for operating activities	$(8,460)

The accompanying notes are an integral part of this financial statement.

EXHIBIT E-1

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2022

	Private-Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 220,595	$ 43,932
Total assets	220,595	43,932
LIABILITIES	-	-
NET POSITION		
Restricted for:		
Scholarships	220,595	-
Student groups	-	43,932
Total net position	$ 220,595	$ 43,932

The accompanying notes are an integral part of this financial statement.

ITASCA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Private-Purpose Trust Fund	Custodial Fund
ADDITIONS		
Gifts and bequests	$ 8,320	$ -
Interest, dividends, and other	822	-
Collections from student groups	-	46,989
Total additions	9,142	46,989
DEDUCTIONS		
Beneficary payments to individuals	36,600	-
Payments on-behalf of student groups	-	46,775
Total deductions	36,600	46,775
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(27,458)	214
NET POSITION, BEGINNING	248,053	43,718
NET POSITION, ENDING	$ 220,595	$ 43,932

The accompanying notes are an integral part of this financial statement.

THIS PAGE LEFT BLANK INTENTIONALLY

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Itasca Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. There are no component units included within the reporting entity. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenue and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets, deferred inflows/outflows of resources and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

D. Fund Accounting

The District reports the following major governmental funds:

The ***General Fund*** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***ESSER II Fund*** accounts for funds used to support safely reopening and sustaining school operations resulting from the COVID-19 pandemic.

The ***ESSER III Fund*** accounts for funds used to support safely reopening and sustaining school operations resulting from the COVID-19 pandemic.

The ***Debt Service Fund*** accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt. Revenues include property taxes, state funding under the Instructional Facilities and Existing Debt Allotments and earned interest. The fund balance represents amounts that are available for retirement of future payments of principal, interest and fees.

Additionally, the government reports the following fund types:

Non-major Governmental Funds:

Special Revenue Funds accounts for resources restricted to, or designated for, specific purposes by a grantor. Some Federal and State financial assistance is accounted for in a *Special Revenue Fund*, and sometimes unused balances must be returned to the grantor at the close of specific project periods.

The ***Capital Projects Fund*** accounts for activity related to the use of bond proceeds which includes the construction of capital facilities and the purchase of capital equipment.

Proprietary Funds:

The ***Internal Service Fund*** account for revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis. The District's Internal Service Fund is the Workman Compensation Fund.

Fiduciary Fund Types:

The ***Private Purpose Trust Fund*** accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs.

The ***Custodial Fund*** accounts for resources held on-behalf of student groups.

E. <u>Assets, Liabilities, Deferred outflows/inflows of Resources, and Net Position or Equity</u>

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied as of October 1 on property values assessed as of the prior January 1 for all real and business personal property located in the District 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 following year in which imposed. On January 31 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate approved by the Board. For the year ended August 31, 2022, the rates were $0.960300 and $0.3029, respectively, per $100 of assessed value.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

Assets	Years
Buildings	40
Building improvements	40
Vehicles	5
Furniture and equipment	5 - 15

Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated vacation or sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the financial statements as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

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

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.

- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.

- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

Fund Balance

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the School Board, the District's highest level of decision making authority. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or Superintendent.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Defined Benefit Pension Plan

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

Other Post-Employment Benefit Plan

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.

Net Position

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned fund balance) 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.

Data Control Codes

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

Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2022 will change.

II. DETAILED NOTES ON ALL FUNDS

A. <u>Deposits and Investments</u>

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U. S. Treasury, certain U. S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of August 31, 2022, the District had a deposit balance of $208,325. The District's deposit balance was fully collateralized with securities held by the pledging financial institution in the District's name and FDIC insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's investments of $7,193,327 are registered, therefore, it does not have any custodial credit risk exposure.

Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than one year from the purchase date. As of August 31, 2022, the District managed its interest rate risk as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
TexPool	$ 7,945,026	23
Total	$ 7,945,026	

Investment Credit Risk

It is the District's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The District's investment pools are rated as follows by Standard and Poor's Investors Service:

Texpool	AAAm

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 amortized cost, which in most cases approximates the market value of the securities. TexPool has a redemption notice of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or national state of emergency that affects the pool's liquidity.

B. <u>Interfund Balances</u>

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

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	ESSER II	$ 223,307	To cover expenditures
General Fund	ESSER III	263,171	To cover expenditures
General Fund	Nonmajor Funds	136,077	To cover expenditures
General Fund	Internal Service Fund	2,144	To cover expenditures
Debt Service Fund	General Fund	7,555	To cover expenditures
Internal Service Fund	General Fund	59,364	To cover expenditures
Total		$ 691,618	

C. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 330,500	$ -	$ -	$ 330,500
Total capital assets, not being depreciated	330,500	-	-	330,500
Capital assets, being depreciated:				
Buildings and improvements	21,864,313	-	-	21,864,313
Furniture and equipment	2,049,962	164,800	-	2,214,762
Total capital assets, being depreciated	23,914,275	164,800	-	24,079,075
Less accumulated depreciation for:				
Buildings and improvements	(9,358,246)	(515,179)	-	(9,873,425)
Furniture and equipment	(1,321,901)	(74,886)	-	(1,396,787)
Total accumulated depreciation	(10,680,147)	(590,065)	-	(11,270,212)
Total capital assets being depreciated, net	13,234,128	(425,265)	-	12,808,863
Governmental activities capital assets, net	$ 13,564,628	$(425,265)	$ -	$ 13,139,363

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 193,596
Instructional resources and media services	13,552
Curriculum and instructional staff development	4,099
Instructional leadership	3,151
School leadership	25,230
Guidance, counseling and evaluation services	9,145
Health services	4,099
Student (Pupil) Transportation	48,988
Food services	21,532
Cocurricular/Extracurricular activities	153,750
General administration	11,018
Plant maintenance and operations	97,498
Data processing services	4,407
Total	$ 590,065

D. Unavailable Revenue

At year-end the District reported deferred inflows for property taxes in the following amounts:

	General Fund	Nonmajor Governmental	Total
Unavailable revenue	$ 91,831	$ 26,471	$ 118,302
Totals	$ 91,831	$ 26,471	$ 118,302

E. Due to Other Governments

As of August 31, 2022, amounts due to other governments in the Debt Service Fund is $59,904. This amount represent overpayments of debt-related allotments that will be used to reduce state revenue in the next fiscal year.

F. Long-term Liabilities

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

A summary of changes in long-term liabilities for the year ended August 31, 2022, is as follows:

Description Maturity Date	Interest Rate	Amounts Original Issue	Interest Current Year	Beginning Balance	Additions	Retired/ Refunded	Ending Balance	Amounts Due in One Year
Bonds								
Unlimited Tax Building and Refunding Bonds Series 2018 8/15/2040	2.00 4.250%	$ 5,245,000	$ 169,563	$ 4,435,000	$ -	$ 395,000	$ 4,040,000	$ 160,000
Unlimited Tax Refunding Bonds Series 2020 8/15/2040	3.00- 4.00%	5,050,000	163,600	4,930,000	-	15,000	4,915,000	200,000
Premium on issuance			-	974,355	-	51,282	923,073	-
Total			$ 333,163	$ 10,339,355	$ -	$ 461,282	$ 9,878,073	$ 360,000
Pension & OPEB								
Net pension liability				1,798,463	(825,705)	139,612	833,146	-
Net OPEB liability				2,268,058	(47,652)	44,076	2,176,330	-
Total				$ 4,066,521	$(873,357)	$ 183,688	$ 3,009,476	$ -

Debt service requirements are as follows:

Year Ended August 31,	General Obligations Principal	General Obligations Interest	Total Requirements
2023	$ 360,000	$ 322,363	$ 682,363
2024	370,000	309,563	679,563
2025	390,000	294,769	684,769
2026	405,000	279,163	684,163
2027	425,000	262,963	687,963
2028-2032	2,350,000	1,062,863	3,412,863
2033-2037	2,795,000	635,063	3,430,063
2038-2040	1,860,000	137,800	1,997,800
Total	$ 8,955,000	$ 3,304,547	$ 12,259,547

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022. The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding tax notes contain a provision that in an event of default, outstanding amounts become immediately due.

G. Defined Benefit Pension Plan

Plan Description. The Itasca Independent School Districts 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) and is 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. 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 www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 (A) 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.

In May, 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or $2,000, whichever was less.

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

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

	Contribution Rates	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%

Current fiscal year employer contributions	$ 183,747
Current fiscal year member contributions	380,000
2021 measurement year NECE on-behalf contributions	281,751

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member’s first 90 days of employment.

- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5 percent of the member’s salary beginning in fiscal year 2020, gradually increasing to 2 percent in fiscal year 2025.

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2020 actuarial valuation was rolled forward to August 31, 2021, and was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Inflation	1.95%
Salary Increases including Inflation	3.05% to 9.05%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

Discount Rate. A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 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 (see page 53 of the TRS ACFR) are summarized below:

Asset Class	Target Allocation[1]	Long-Term Expected Geometric Real Rate of Return[2]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag[3]			-0.95%
Expected Return	100.00%		6.90%

[1] Target allocations are based on the FY2020 policy model.

[2] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

[3] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the Net Pension Liability.

	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:	$ 1,820,557	$ 833,146	$ 32,057

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the District's liability was $1,798,463 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$	833,146
State's proportionate share that is associated with the District		1,681,368
Total	$	2,514,514

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

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0032715433% which was a decrease of 0.0000864325% from its proportion measured as of August 31, 2020.

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

For the year ended August 31, 2022, the District recognized pension expense of $15,744 and revenue of $6,722 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,394	$ 58,654
Changes in actuarial assumptions	294,501	128,377
Difference between projected and actual investment earnings	-	698,582
Changes in proportion and difference between the employer's contributions and the proprtionate share of contributions	15,987	244,762
Contributions paid to TRS subsequent to the measurement date	183,747	-
Total	$ 495,629	$ 1,130,375

Amounts reported as contributions made subsequent to the measurement date will be recognized as a reduction of pension expense in the next fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense
2023	$(165,557)
2024	(157,868)
2025	(214,109)
2026	(255,177)
2027	(22,212)
Thereafter	(3,570)

H. Defined Other Post-Employment Benefit Plans

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.

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

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

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

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual 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	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		$ 53,475
Current fiscal year member contributions		30,876
2021 measurement year NECE on-behalf contributions		59,052

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

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.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. 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%
Discount Rate	1.95% as of August 31, 2020
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.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 8.50%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 2.33 percent was used to measure the Total OPEB Liability. There was a decrease of 0.30 percent in the discount rate since the previous year. The Discount Rate can be found in the 2020 TRS ACFR on page 76. 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 for municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of the net OPEB liability:	$ 2,625,156	$ 2,176,330	$ 1,823,090

Healthcare Cost Trend Rates Sensitivity Analysis. . The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Proportionate share of the net OPEB liability:	$ 1,762,755	$ 2,176,330	$ 2,731,245

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of $2,176,330 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 obligation	$ 2,176,330
State's proportionate share that is associated with the District	2,915,798
Total	$ 5,092,128

The Net OPEB Liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB 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 OPEB Liability was 0.005618933% which was a decrease of 0.0003244003% from its proportion measured as of August 31, 2020.

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

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.5 percent as of August 31, 2021. This change increased the Total OPEB Liability.

For the year ended August 31, 2022, the District recognized OPEB expense of $(211,237) and revenue of $(107,615) for support provided by the State.

At August 31, 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	$ 93,701	$ 1,053,496
Changes in actuarial assumptions	241,054	460,254
Difference between projected and actual investment earnings	2,363	-
Changes in proportion and difference between the employer's contributions and the porportionate share of contributions	149,640	426,148
Contributions paid to TRS subsequent to the measurement date	53,475	-
Total as of fiscal year-end	$ 540,233	$ 1,939,898

Amounts reported as contributions made subsequent to the measurement date will be recognized as a reduction of OPEB expense in the next fiscal year. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31,	OPEB Expense
2023	$(260,218)
2024	(260,272)
2025	(260,259)
2026	(202,971)
2027	(125,414)
Thereafter	(344,006)

I. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in actuarial assumptions within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in a decrease to revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

	Operating Grants and Contributions	Negative On-Behalf Accruals	Operating Grants and Contributions (excluding on-behalf accruals)
11-Instruction	$ 1,127,161	$(70,386)	$ 1,197,547
12-Instructional resources and media services	19,917	(1,418)	21,335
13 - Curriculum and staff development	38,007	-	38,007
21-Instructional leadership	64,628	(941)	65,569
23-School leadership	11,987	(8,506)	20,493
31-Guidance, counseling, and evaluation services	65,793	(896)	66,689
33-Health services	229	(1,115)	1,344
34-Student transportation	2,201	(1,370)	3,571
35-Food service	440,974	(3,345)	444,319
36-Extracurricular activities	(3,224)	(5,294)	2,070
41-General administration	(1,017)	(4,323)	3,306
51-Facilities maintenance and operations	268,849	(7,930)	276,779
52-Security and monitoring services	(102)	(144)	42
53-Data processing services	657	(1,947)	2,604
72-Interest on long-term debt	17,505	-	17,505
93-Payments related to shared services agreements	33,429	-	33,429
	$ 2,086,994	$(107,615)	$ 2,194,609

J. Active Employee Health Care Coverage

Plan Description. During the period ended August 31, 2022, employees of the District were covered by a state-wide health care plan, TRS Active Care. The District's participation in this plan is renewable annually. The District paid into the Plan $325 per month per employee. Employees, at their option, pay premiums for any coverage above these amounts as well as for dependent coverage.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us.

K. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of $19,212, $21,228 and $20,729 were recognized for the years ended August 31, 2022, 2021 and 2020 respectively, as equal revenues and expenditures.

L. Commitments and Contingencies

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

M. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2022 are summarized below.

Receivable	General Fund	ESSER II	ESSER III	Debt Service	Nonmajor Governmental	Total
Federal grants	$ -	$ 250,192	$ 289,147	$ -	$ 149,187	$ 688,526
State entitlements	617,553	-	-	22,975	-	640,528
Property taxes	77,892	-	-	-	-	77,892
Totals	$ 695,445	$ 250,192	$ 289,147	$ 22,975	$ 149,187	$ 1,406,946

N. Shared Service Arrangements

The District participates in shared service arrangements for Juvenile Justice Alternate Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Itasca Independent School District. The fiscal agent manager is responsible for all financial activities of the shared service arrangement.

O. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past four years.

P. New Accounting Pronouncements

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

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

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

ITASCA INDEPENDENT SCHOOL DISTRICT **EXHIBIT G-1**

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 2,613,891	$ 2,675,621	$ 3,018,612	$ 342,991
5800	State program revenues	5,641,260	5,841,260	6,192,989	351,729
5900	Federal program revenues	20,000	20,000	64,297	44,297
5020	Total revenues	8,275,151	8,536,881	9,275,898	739,017
	EXPENDITURES				
	Current:				
0011	Instruction	4,129,549	4,181,279	3,796,490	384,789
0012	Instructional resources and media services	238,531	243,531	228,032	15,499
0013	Curriculum and staff development	35,076	35,076	7,959	27,117
0021	Instructional leadership	93,672	93,672	75,666	18,006
0023	School leadership	465,587	470,587	450,055	20,532
0031	Guidance, counseling, and evaluation services	91,899	91,899	65,321	26,578
0033	Health services	61,568	66,568	56,628	9,940
0034	Student transportation	228,462	248,462	187,066	61,396
0036	Extracurricular activities	562,706	577,706	528,638	49,068
0041	General administration	437,075	512,075	460,211	51,864
0051	Facilities maintenance and operations	1,075,981	1,125,981	913,747	212,234
0052	Security and monitoring services	45,641	50,641	30,263	20,378
0053	Data processing services	125,451	138,451	124,397	14,054
0061	Community services	1,500	3,500	1,477	2,023
	Intergovernmental:				
0093	Payments related to shared services arrangements	434,500	435,500	433,662	1,838
0095	Payments to Juvenile Justice Alternative Education Programs	15,000	15,000	8,170	6,830
0099	Other governmental charges	110,000	111,000	103,006	7,994
6030	Total expenditures	8,152,198	8,400,928	7,470,788	930,140
1100	**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES**	122,953	135,953	1,805,110	1,669,157
	OTHER FINANCING SOURCES (USES)				
8911	Transfers out	(122,953)	(60,953)	-	60,953
7080	Total other financing sources (uses)	(122,953)	(60,953)	-	60,953
1200	**NET CHANGE IN FUND BALANCES**	-	75,000	1,805,110	1,730,110
0100	**FUND BALANCES, BEGINNING**	6,071,887	6,071,887	6,071,887	-
3000	**FUND BALANCES, ENDING**	$ 6,071,887	$ 6,146,887	$ 7,876,997	$ 1,730,110

ITASCA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Measurement date August 31,	2021	2020	2019
District's Proportion of the Net Pension Liability (Asset)	0.0032715433%	0.0033579758%	0.0038541816%
District's Proportionate Share of Net Pension Liability (Asset)	$ 833,146	$ 1,798,463	$ 2,003,524
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,681,368	3,772,801	3,480,570
Total	$ 2,514,514	$ 5,571,264	$ 5,484,094
District's Covered Payroll	$ 4,647,195	$ 4,792,602	$ 4,583,555
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	17.93%	37.53%	43.71%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.79%	75.54%	75.24%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2018	2017	2016	2015	2014
0.0040698218%	0.0039529917%	0.0040654928%	0.0044772000%	0.0032896000%
$ 2,240,129	$ 1,263,954	$ 1,536,289	$ 1,582,631	$ 878,698
4,036,853	2,410,126	2,840,188	2,677,048	2,314,059
$ 6,276,982	$ 3,674,080	$ 4,376,477	$ 4,259,679	$ 3,192,757
$ 4,736,780	$ 4,560,235	$ 4,434,221	$ 4,330,243	$ 4,231,366
47.29%	27.72%	34.65%	36.55%	20.77%
73.74%	82.17%	78.00%	78.43%	83.25%

ITASCA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal year ended August 31,	2022	2021	2020
Contractually Required Contribution	$ 183,747	$ 139,612	$ 138,621
Contribution in Relation to the Contractually Required Contribution	(183,747)	(139,612)	(138,621)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 4,750,011	$ 4,647,195	$ 4,792,602
Contributions as a percentage of Covered Payroll	3.87%	3.00%	2.89%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2019	2018	2017	2016	2015
$ 135,120	$ 164,151	$ 129,692	$ 132,676	$ 131,737
(135,120)	(164,151)	(129,692)	(132,676)	(131,737)
$ -	$ -	$ -	$ -	$ -
$ 4,583,555	$ 4,736,780	$ 4,560,235	$ 4,434,221	$ 4,330,243
2.95%	3.47%	2.84%	2.99%	3.04%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Measurement date August 31,	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0056418933%	0.0059662936%	0.0061748017%	0.0065264244%	0.0060909659%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 2,176,330	$ 2,268,058	$ 2,920,140	$ 3,258,703	$ 2,648,733
States Proportionate Share of the Net OPEB Liability (Asset) associated with the District	2,915,789	3,047,726	3,880,212	3,954,307	3,538,843
Total	$ 5,092,119	$ 5,315,784	$ 6,800,352	$ 7,213,010	$ 6,187,576
District's Covered Employee Payroll	$ 4,647,195	$ 4,792,602	$ 4,583,555	$ 4,736,780	$ 4,560,235
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Employee Payroll	46.83%	47.32%	63.71%	68.80%	58.08%
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ITASCA INDEPENDENT SCHOOL DISTRICT **EXHIBIT G-5**

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

Fiscal year ended August 31,	2022	2021	2020	2019	2018
Contractually Required Contribution	$ 53,475	$ 44,036	$ 45,318	$ 43,862	$ 54,145
Contribution in Relation to the Contractually Required Contribution	(53,475)	(44,036)	(45,318)	(43,862)	(54,145)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Employee Payroll	$ 4,750,011	$ 4,647,195	$ 4,792,602	$ 4,583,555	$ 4,736,780
Contributions as a percentage of Covered Employee Payroll	1.13%	0.95%	0.95%	0.96%	1.14%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service and the National School Breakfast and Lunch Program Fund, which is included in the Special Revenue Funds.

The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The District compares the final amended budget to actual revenue and expenditures. The General Fund Budget is presented at Exhibit G-1 and the Debt Service and the National School Breakfast and Lunch Program Funds are presented at Exhibit J-4 and J-5.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days' public notice of the meeting must be given.

3. Prior to August 31, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.

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

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

COMBINING SCHEDULES

ITASCA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		211 ESEA I, A Improving Basic Programs	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	266 ESSER
	ASSETS				
1110	Cash and cash equivalents	$ -	$ 74,487	$ -	$ -
1240	Due from other governments	120,111	-	10,794	-
1000	Total assets	120,111	74,487	10,794	-
	LIABILITIES				
2110	Accounts payable	-	27,636	-	-
2160	Accrued wages payable	6,809	6,596	-	-
2170	Due to other funds	112,680	-	10,794	-
2200	Accrued expenditures	622	143	-	-
2000	Total liabilities	120,111	34,375	10,794	-
	FUND BALANCES				
	Restricted:				
3450	Federal or state grants	-	40,112	-	-
3470	Capital acquisitions and contractual obligations	-	-	-	-
	Committed:				
3545	Campus activities	-	-	-	-
3000	Total fund balances	-	40,112	-	-
4000	Total liabilities, deferred inflows of resources and fund balances	$ 120,111	$ 74,487	$ 10,794	$ -

270 ESEA V, B Rural and Low-Income Program	289 Other Federal Programs	410 State Instructional Materials	429 Math Academy	461 Campus Activity Funds	699 Capital Projects	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ 40,781	$ 6,033	$ 121,301
8,652	1,619	5,679	2,332	-	-	149,187
8,652	1,619	5,679	2,332	40,781	6,033	270,488
-	-	5,679	-	-	-	33,315
-	-	-	-	-	-	13,405
8,652	1,619	-	2,332	-	-	136,077
-	-	-	-	-	-	765
8,652	1,619	5,679	2,332	-	-	183,562
-	-	-	-	-	-	40,112
-	-	-	-	-	6,033	6,033
-	-	-	-	40,781	-	40,781
-	-	-	-	40,781	6,033	86,926
$ 8,652	$ 1,619	$ 5,679	$ 2,332	$ 40,781	$ 6,033	$ 270,488

ITASCA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		211 ESEA I, A Improving Basic Programs	240 National Breakfast and Lunch Program	255 ESEA II, A Training and Recruiting	266 ESSER
	REVENUES				
5700	Local and intermediate sources	$ -	$ 50,026	$ -	$ -
5800	State program revenues	-	12,503	-	-
5900	Federal program revenues	315,686	441,495	29,065	15,556
5020	Total revenues	315,686	504,024	29,065	15,556
	EXPENDITURES				
	Current:				
0011	Instruction	180,848	-	-	15,556
0013	Curriculum and instructional staff development	2,625	-	23,413	-
0021	Instructional leadership	62,907	-	1,262	-
0023	School leadership	3,428	-	4,390	-
0031	Guidance, counseling, and evaluation services	64,396	-	-	-
0034	Student (pupil) transportation	1,482	-	-	-
0035	Food services	-	468,940	-	-
0036	Extracurricular activities	-	-	-	-
6030	Total expenditures	315,686	468,940	29,065	15,556
1200	**NET CHANGE IN FUND BALANCES**	-	35,084	-	-
0100	**FUND BALANCE, BEGINNING**	-	5,028	-	-
3000	**FUND BALANCE, ENDING**	$ -	$ 40,112	$ -	$ -

270 ESEA V, B Rural and Low-Income Program	289 Other Federal Programs	410 State Instructional Materials	429 Math Academy	461 Campus Activity Funds	699 Capital Projects	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ 29,099	$ 136	$ 79,261
-	-	38,110	2,332	-	-	52,945
11,675	14,114	-	-	-	-	827,591
11,675	14,114	38,110	2,332	29,099	136	959,797
11,675	-	38,110	2,332	3,376	-	251,897
-	11,957	-	-	-	-	37,995
-	108	-	-	-	-	64,277
-	2,049	-	-	-	-	9,867
-	-	-	-	-	-	64,396
-	-	-	-	-	-	1,482
-	-	-	-	-	-	468,940
-	-	-	-	32,510	-	32,510
11,675	14,114	38,110	2,332	35,886	-	931,364
-	-	-	-	(6,787)	136	28,433
-	-	-	-	47,568	5,897	58,493
$ -	$ -	$ -	$ -	$ 40,781	$ 6,033	$ 86,926

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED TEA SCHEDULES

ITASCA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2022

	1	2	3	10
Last Ten Years Ended August 31,	Tax Rates Maintenance	Tax Rates Debt Service	Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 09/01/2021
2012 and prior years	various	various	various	$ 14,181
2013	1.170000	0.286300	190,447,741	2,383
2014	1.170000	0.256100	173,525,543	4,850
2015	1.170000	0.268800	163,459,452	7,158
2016	1.170000	0.290500	173,882,266	8,863
2017	1.170000	0.261447	177,088,129	17,493
2018	1.170000	0.310359	191,327,307	21,897
2019	1.063800	0.356900	209,868,282	37,540
2020	1.026800	0.302900	221,982,121	81,451
2021	0.960300	0.293100	265,948,460	-
1000 Totals				$ 195,816

20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 08/31/2022
$ -	$ 1,513	$ 287	$(2,252)	$ 10,129
-	162	31	273	2,463
-	1,324	324	-	3,202
-	1,843	404	-	4,911
-	1,815	451	-	6,597
-	4,553	1,018	-	11,922
-	6,380	1,692	-	13,825
-	35,572	11,884	35,277	25,361
-	61,888	18,257	28,561	29,867
3,333,398	2,509,347	765,896	30,069	88,224
$ 3,333,398	$ 2,624,397	$ 800,244	$ 91,928	$ 196,501

ITASCA INDEPENDENT SCHOOL DISTRICT **EXHIBIT J-2**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 45,000	$ 45,000	$ 50,026	$ 5,026
5800	State program revenues	13,777	13,777	12,503	(1,274)
5900	Federal program revenues	303,000	385,000	441,495	56,495
5020	Total revenues	361,777	443,777	504,024	60,247
	EXPENDITURES				
0035	Food Service	484,730	504,730	468,940	35,790
6030	Total expenditures	484,730	504,730	468,940	35,790
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(122,953)	(60,953)	35,084	96,037
	OTHER FINANCING SOURCES (USES)				
7915	Transfers in	122,953	60,953	-	(60,953)
	Total other financing sources (uses)	122,953	60,953	-	(60,953)
1200	**NET CHANGE IN FUND BALANCE**	-	-	35,084	35,084
0100	**FUND BALANCE, BEGINNING**	5,028	5,028	5,028	-
3000	**FUND BALANCE, ENDING**	$ 5,028	$ 5,028	$ 40,112	$ 35,084

ITASCA INDEPENDENT SCHOOL DISTRICT **EXHIBIT J-3**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 744,663	$ 745,663	$ 830,059	$ 84,396
5800	State program revenues	-	-	17,505	17,505
5020	Total revenues	744,663	745,663	847,564	101,901
	EXPENDITURES				
	Debt Service:				
0071	Principal on long-term debt	410,000	410,000	410,000	-
0072	Interest on long-term debt	333,163	333,163	333,163	-
0073	Bond issuance costs and fees	1,500	2,500	1,550	950
6030	Total expenditures	744,663	745,663	744,713	950
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	102,851	102,851
1200	**NET CHANGE IN FUND BALANCES**	-	-	102,851	102,851
0100	**FUND BALANCES, BEGINNING**	642,294	642,294	642,294	-
3000	**FUND BALANCES, ENDING**	$ 642,294	$ 642,294	$ 745,145	$ 102,851

ITASCA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?		Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$	682,151
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)	$	381,523

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?		Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?		Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$	60,713
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$	35,173

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

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
Itasca Independent School District
Itasca, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Itasca Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Itasca Independent School District's basic financial statements and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Itasca 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 Itasca Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Itasca 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 and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Itasca 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 13, 2022

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Itasca Independent School District
Itasca, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Itasca Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 13, 2022

ITASCA INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U . S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Education Agency:			
School Breakfast Program	10.553	714021	$ 12,503
School Breakfast Program	10.553	714022	76,597
National School Lunch Program	10.555	713021	37,599
National School Lunch Program	10.555	713022	257,264
Total Passed through the Texas Education Agency			383,963
Passed through the Texas Department of Agriculture:			
National School Lunch Program Commodities - Non-cash assistance	10.555	00584	35,796
Supply Chain Assistance	10.555	00584	21,736
Total Passed through the Texas Department of Agriculture			57,532
Total Child Nutrition Cluster			441,495
TOTAL U. S. DEPARTMENT OF AGRICULTURE			441,495
U. S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	226101577110040	76,784
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101109907	238,902
Subtotal Assistance Listing Number 84.010			315,686
ESEA, Title V, Part B - Rural and Low-Income School Program	84.358B	22696001109907	11,675
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	22694501109907	29,065
ESEA, Title IV, Part A - Student Support and Academic Enrichment	84.424A	22680101109907	14,114
COVID-19 - Elementary and Secondary School Emergency Relief I	84.425D	20521001109907	15,556
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	21521001109907	392,607
COVID-19 - Elementary and Secondary School Emergency Relief III	84.425U	21528001109907	818,576
Subtotal Assistance Listing Number 84.425			1,226,739
Total Passed through the Texas Education Agency			1,597,279
TOTAL U. S. DEPARTMENT OF EDUCATION			1,597,279
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,038,774

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designed for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounting for using a current financial resources measurement focus. All federal grant funds were accounted for in special revenue funds, which are governmental fund types. With this measurement focus, only current assets, current liabilities and fund balance are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

   Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such amounts are received, they are recorded as unearned revenues until earned. The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

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

4. The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

5. None of the federal programs expended by the District were passed through to subrecipients.

6. The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds (Exhibit C-3)	$	2,103,071
Less:		
SHARS		64,297
Federal expenditures	$	2,038,774

ITASCA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

Summary of Auditor's Results

Financial Statements

Type of report on financial statements	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness?	None reported
Material noncompliance to the financial statements noted?	No

Federal Awards

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness?	None reported
Type of auditors' report on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs: Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.425	COVID-19 - ESSER
Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

ITASCA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

None.