

IOLA INDEPENDENT SCHOOL DISTRICT  
Iola, Texas

ANNUAL FINANCIAL REPORT

For the Year Ended August 31, 2022

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## INTRODUCTORY SECTION

IOLA INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF BOARD  
August 31, 2022

Iola Independent School District  
Name of School District

Grimes  
County

093-903  
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 5<sup>th</sup> day of December, 2022.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

## FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Iola Independent School District  
Iola, Texas

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, fiduciary funds and the aggregate remaining fund information of Iola Independent School District ("the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, fiduciary funds and the aggregate remaining fund information of Iola Independent School District, as of December 5, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles general accepted in the United States of America.

***Basis for Opinion***

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

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* that 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

The introductory information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of Iola 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 Iola Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Iola Independent School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas  
December 5, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the management's discussion and analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Iola Independent School District (the "District") for the year ending August 31, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$4,773,296 as of August 31, 2022.
- For the fiscal year ended August 31, 2022, the District's general fund reported a total fund balance of \$4,921,371, of which, \$4,921,371 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and debt service fund) reported combined ending fund balances of \$5,901,704.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of several parts - **management's discussion and analysis** (this section), the **basic financial statements** and **required supplementary information**. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

### Government-wide Financial Statements

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The **Statement of Net Position** presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The **Statement of Activities** presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows - the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

- *Governmental Activities* - Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operation and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.



The government-wide financial statements can be found after the MD&A.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants
- Other funds are used to account for assets held by the District in a custodial capacity - these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary Funds* - The District serves as the trustee, or fiduciary, for certain funds such as student activity and various trust funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its governmental operations.

## Financial Analysis of the District as a Whole

The District's combined net position was \$4,773,296 at year end. *Table 1* focuses on net position while *Table 2* shows the revenues and expenses that changed the net position balance during the year. The District reported an increase of \$1,422,173 in net position from the prior year.

**Table 1**  
**The District's Net Position**

	GOVERNMENTAL ACTIVITIES		TOTAL CHANGE	PERCENT CHANGE
	2022	2021	2022 - 2021	2022 - 2021
Current and other assets	\$ 6 379 207	\$ 5 061 460	\$ 1 317 747	26
Capital and long-term assets	10 275 275	10 641 095	(365 820)	(3)
TOTAL ASSETS	16 654 482	15 702 555	951 927	6
TOTAL DEFERRED OUTFLOWS	1 021 982	1 102 478	(80 496)	(7)
Current liabilities	687 256	593 040	94 216	16
Long term liabilities	10 359 079	11 319 716	(960 637)	(8)
TOTAL LIABILITIES	11 046 335	11 912 756	(866 421)	(7)
TOTAL DEFERRED INFLOWS	1 856 833	1 541 154	315 679	20
Net Position:				
Net investment in capital assets	2 280 940	2 291 211	(10 271)	-
Restricted	980 333	722 561	257 772	36
Unrestricted	1 512 023	337 351	1 174 672	348
TOTAL NET POSITION	\$ 4 773 296	\$ 3 351 123	\$ 1 422 173	42

**Table 2**  
**Changes in Net Position**

	GOVERNMENTAL ACTIVITIES		TOTAL CHANGE	PERCENT CHANGE
	2022	2021	2022 - 2021	2022 - 2021
Revenues:				
Program Revenues:				
Charges for services	\$ 125 982	\$ 167 669	\$ (41 687)	(25)
Operating grants and contributions	1 515 070	1 158 330	356 740	31
General Revenues:				
Property taxes	4 721 068	4 343 044	378 024	9
Grants and contributions not restricted for specific programs	2 699 836	2 918 629	(218 793)	(7)
Investment earnings	36 320	5 323	30 997	582
Other revenues	316 796	145 054	171 742	118
TOTAL REVENUES	<u>9 415 072</u>	<u>8 738 049</u>	<u>677 023</u>	8
Expenses:				
Instruction	4 498 811	4 138 220	360 591	9
Instructional resources and media services	54 441	59 995	(5 554)	(9)
Curriculum/instructional staff development	67 536	61 666	5 870	10
School leadership	302 684	327 936	(25 252)	(8)
Guidance, counseling, and evaluation services	122 534	83 409	39 125	47
Health services	71 143	64 087	7 056	11
Student transportation	319 332	300 723	18 609	6
Food services	378 795	340 392	38 403	11
Extracurricular activities	378 473	375 899	2 574	1
General administration	372 302	384 544	(12 242)	(3)
Plant maintenance and operations	846 625	687 531	159 094	23
Security and monitoring services	82 887	64 683	18 204	28
Data processing services	22 435	21 685	750	3
Debt service - Interest	219 219	231 620	(12 401)	(5)
Bond issuance costs and fees	400	900	(500)	(56)
Payments to fiscal agent/member districts of SSA	136 250	95 186	41 064	43
Other intergovernmental charges	119 032	98 203	20 829	21
TOTAL EXPENSES	<u>7 992 899</u>	<u>7 336 679</u>	<u>656 220</u>	9
CHANGE IN NET POSITION	1 422 173	1 401 370	\$ <u>20 803</u>	1
Beginning net position	3 351 123	1 949 753		
ENDING NET POSITION	\$ <u>4 773 296</u>	\$ <u>3 351 123</u>		

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2022, the District's governmental funds reported a fund balance of \$5,901,704. This compares to a combined fund balance of \$3,311,338 at August 31, 2021. The fund balance in the general fund of \$4,921,371 increased by \$976,246 during the fiscal year end. The increase can be attributed largely to an increase in local revenue in the current year. The fund balance in the debt service fund of \$787,681 increased by \$167,414.

### General Fund Budgetary Highlights

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2022, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues were more than budgeted revenues by \$186,513. Total general fund budgeted expenditures exceeded actual expenditures by \$86,827 with the largest positive variances in plant maintenance and operations.

### Capital Assets

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost or value (if donated) of an amount determined by the Board. During the fiscal year ended August 31, 2022, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2022, the District had a total of \$10,275,275 net invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$162,044 invested during the fiscal year ended August 31, 2022.

More detailed information about the District's capital assets can be found in note 3.B. to the financial statements.

### **Long-term Debt**

At year end, the District had \$8,240,000 in general obligation bonds outstanding versus \$8,610,000 last year. The District paid \$370,000 in principal payments during the year.

More detailed information about the District's long-term liabilities is presented in note 3.C. to the financial statements.

### **ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGET AND RATES**

The District's budgeted expenditures for the 2022-2023 school year total \$7,423,530, and the District's Board adopted a Maintenance and Operations tax rate of \$0.8546 and an Interest and Sinking rate of \$0.1393 for a combined rate of \$0.9939 per \$100 of valuation.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 7282 Fort Worth, Iola, Texas 77861 or by calling 936.394.2361.

## BASIC FINANCIAL STATEMENTS

IOLA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
August 31, 2022

EXHIBIT A-1

DATA CONTROL CODES		1 GOVERNMENTAL ACTIVITIES
	ASSETS	
1110	Cash and cash equivalents	\$ 6 012 138
1225	Property taxes receivable (net allowance of \$77,726)	180 562
1240	Due from other governments	181 057
1290	Other receivables (net)	5 450
	Capital Assets:	
1510	Land	466 540
1520	Buildings and improvements, net	9 391 794
1530	Equipment and vehicles, net	416 941
1000	TOTAL ASSETS	<u>16 654 482</u>
	DEFERRED OUTFLOWS	
	Deferred charge on refunding	245 665
	Deferred outflows - Pensions	338 532
	Deferred outflows - OPEB	437 785
1700	TOTAL DEFERRED OUTFLOWS	<u>1 021 982</u>
	TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>17 676 464</u>
	LIABILITIES	
2110	Accounts payable	116 250
2140	Interest payable	10 315
2165	Accrued wages payable	180 691
2501	Due within one year	380 000
	Noncurrent Liabilities:	
2502	Due in more than one year	7 860 000
2516	Premium on bond issue	559 617
2540	Net pension liability	488 871
2545	Net OPEB liability	1 450 591
2000	TOTAL LIABILITIES	<u>11 046 335</u>
	DEFERRED INFLOWS	
	Deferred inflows - Pension	722 333
	Deferred inflows - OPEB	1 134 500
2600	TOTAL DEFERRED INFLOWS	<u>1 856 833</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>12 903 168</u>
	NET POSITION	
3200	Net investment in capital assets	2 280 940
	Restricted for:	
3820	Federal and state programs	192 652
3850	Debt service	787 681
3900	Unrestricted	1 512 023
3000	TOTAL NET POSITION	<u>\$ 4 773 296</u>

The accompanying notes are an integral part of this statement.

IOLA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2022

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1  EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
			3 CHARGES FOR SERVICES	4 OPERATING GRANTS AND CONTRIBUTIONS	
	Governmental Activities:				
11	Instruction	\$ 4 498 811	\$ -	\$ 982 033	\$ (3 516 778)
12	Instructional resources and media services	54 441	-	3 916	(50 525)
13	Curriculum/instructional staff development	67 536	-	-	(67 536)
23	School leadership	302 684	-	25 079	(277 605)
31	Guidance, counseling, and evaluation services	122 534	-	8 873	(113 661)
33	Health services	71 143	-	27 296	(43 847)
34	Student (pupil) transportation	319 332	-	14 314	(305 018)
35	Food services	378 795	107 718	393 478	122 401
36	Extracurricular activities	378 473	18 264	8 957	(351 252)
41	General administration	372 302	-	26 244	(346 058)
51	Plant maintenance and operations	846 625	-	24 880	(821 745)
52	Security and monitoring services	82 887	-	-	(82 887)
53	Data processing services	22 435	-	-	(22 435)
72	Debt service - Interest on long-term debt	219 219	-	-	(219 219)
73	Bond issuance costs and fees	400	-	-	(400)
93	Payments to fiscal agent/member districts of SSA	136 250	-	-	(136 250)
99	Other intergovernmental charges	119 032	-	-	(119 032)
TG	TOTAL GOVERNMENTAL ACTIVITIES	\$ 7 992 899	\$ 125 982	\$ 1 515 070	(6 351 847)
	General Revenues:				
MT	Property taxes, levied for general purposes				3 961 101
DT	Property taxes, levied for debt service				759 967
IE	Investment earnings				36 320
GC	Grants and contributions not restricted				2 699 836
MI	Miscellaneous local and intermediate revenue				316 796
TR	TOTAL GENERAL REVENUES				7 774 020
CN	CHANGE IN NET POSITION				1 422 173
NB	Net Position - Beginning				3 351 123
NE	NET POSITION - ENDING				\$ 4 773 296

The accompanying notes are an integral part of this statement.

IOLA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
August 31, 2022

EXHIBIT C-1

DATA CONTROL CODES		10	50		98
		GENERAL FUND	DEBT SERVICE FUND	NON- MAJOR GOVERN- MENTAL	TOTAL GOVERN- MENTAL FUNDS
	ASSETS				
1110	Cash and cash equivalents	\$ 5 048 288	\$ 787 681	\$ 176 169	\$ 6 012 138
1225	Taxes receivable, net	149 300	31 262	-	180 562
1240	Due from other governments	122 929	-	58 128	181 057
1260	Due from other funds	41 645	-	-	41 645
1290	Other receivables	5 450	-	-	5 450
1000	TOTAL ASSETS	<u>\$ 5 367 612</u>	<u>\$ 818 943</u>	<u>\$ 234 297</u>	<u>\$ 6 420 852</u>
	LIABILITIES				
	Liabilities:				
2150	Payroll deductions and withholdings	\$ 116 250	\$ -	\$ -	\$ 116 250
2160	Accrued wages payable	180 691	-	-	180 691
2170	Due to other funds	-	-	41 645	41 645
2000	TOTAL LIABILITIES	<u>296 941</u>	<u>-</u>	<u>41 645</u>	<u>338 586</u>
	DEFERRED INFLOWS				
2600	Unavailable revenue - Property taxes	<u>149 300</u>	<u>31 262</u>	<u>-</u>	<u>180 562</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>446 241</u>	<u>31 262</u>	<u>41 645</u>	<u>519 148</u>
	FUND BALANCES				
	Restricted Fund Balances:				
3480	Debt service	-	787 681	-	787 681
3450	State and federal grants	-	-	192 652	192 652
3550	Assigned – capital expenditures	1 164 799	-	-	1 164 799
3600	Unassigned	3 756 572	-	-	3 756 572
3000	TOTAL FUND BALANCE	<u>4 921 371</u>	<u>787 681</u>	<u>192 652</u>	<u>5 901 704</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 5 367 612</u>	<u>\$ 818 943</u>	<u>\$ 234 297</u>	<u>\$ 6 420 852</u>

The accompanying notes are an integral part of this statement.

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

EXHIBIT C-1R

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 5 901 704
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not reported in the funds.	10 275 275
Property taxes receivable unavailable to pay for current period expenditures are recorded as unavailable in the funds.	180 562
Payables for bond principal which are not due in the current period are not reported in the funds.	(8 240 000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(10 315)
Bond premiums amortized in the Statement of Net Position but not in the funds.	(559 617)
Deferred charge on refunding is amortized in the Statement of Net Position but not in the funds.	245 665
Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(1 939 462)
Deferred outflows and inflows or resources related to pension and OPEB are applicable to future periods and, therefore, are not reported in the funds.	<u>(1 080 516)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	\$ <u>4 773 296</u>

The accompanying notes are an integral part of this statement.



IOLA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2022

EXHIBIT C-2

DATA CONTROL CODES		10	50	NON- MAJOR GOVERN- MENTAL	98
		GENERAL FUND	DEBT SERVICE FUNDS		TOTAL GOVERN- MENTAL FUNDS
	Revenues:				
5700	Local, intermediate and out-of-state	\$ 4 329 700	\$ 763 548	\$ 107 718	\$ 5 200 966
5800	State program revenues	2 608 669	12 266	52 897	2 673 832
5900	Federal program revenues	78 901	-	1 085 685	1 164 586
5020	TOTAL REVENUES	<u>7 017 270</u>	<u>775 814</u>	<u>1 246 300</u>	<u>9 039 384</u>
	Expenditures:				
0011	Instruction	3 325 467	-	738 010	4 063 477
0012	Instructional resources and media services	48 021	-	-	48 021
0013	Curriculum and staff development	67 536	-	-	67 536
0023	School leadership	288 661	-	-	288 661
0031	Guidance, counseling and evaluation services	117 212	-	-	117 212
0033	Health services	42 876	-	27 296	70 172
0034	Student (pupil) transportation	372 363	-	-	372 363
0035	Food services	-	-	370 295	370 295
0036	Extracurricular activities	240 969	-	-	240 969
0041	General administration	346 411	-	-	346 411
0051	Plant maintenance and operations	851 245	-	-	851 245
0052	Security and monitoring services	82 887	-	-	82 887
0053	Data processing services	22 435	-	-	22 435
0071	Principal	-	370 000	-	370 000
0072	Interest	-	238 000	-	238 000
0073	Bond Issuance costs and fees	-	400	-	400
0093	Shared services arrangements	136 250	-	-	136 250
0099	Other intergovernmental charges	119 032	-	-	119 032
6030	TOTAL EXPENDITURES	<u>6 061 365</u>	<u>608 400</u>	<u>1 135 601</u>	<u>7 805 366</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>955 905</u>	<u>167 414</u>	<u>110 699</u>	<u>1 234 018</u>
	Other Financing Sources and (Uses):				
7915	Transfer in	20 341	-	-	20 341
8911	Transfer out	-	-	(20 341)	(20 341)
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>20 341</u>	<u>-</u>	<u>(20 341)</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	976 246	167 414	90 358	1 234 018
0100	Fund balance - Beginning	3 945 125	620 267	102 294	4 667 686
3000	FUND BALANCE - ENDING	<u>\$ 4 921 371</u>	<u>\$ 787 681</u>	<u>\$ 192 652</u>	<u>\$ 5 901 704</u>

The accompanying notes are an integral part of this statement.

IOLA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended August 31, 2022

EXHIBIT C-3

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1 234 018
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Amounts Reported for Governmental Activities in the Statement of Activities ("SOA") are Different Because:

The depreciation of capital assets used in governmental activities is not reported in the funds.	(527 864)
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Additions of capital assets used in governmental activities are not reported in the funds.	162 044
--	---------

Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(800)
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(Increase) decrease in accrued interest from beginning of period to end of period.	(313)
--	-------

Repayment of bond/lease principal is an expenditure in the funds but is not an expense in the SOA. Amortization of deferral and premium costs are expense in the SOA. The net effect is shown.	389 094
--	---------

Governmental funds report district pension and OPEB contributions as expenditures in the government wide statements and the cost of pension benefits earned net of employee contributions is reported as pension/OPEB expense.	165 994
--	---------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	\$ <u>1 422 173</u>
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IOLA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
August 31, 2022

EXHIBIT E-1

	CUSTODY FUND
	<u>STUDENT ACTIVITY</u>
ASSETS	
Cash and cash equivalents	\$ 84 438
TOTAL ASSETS	<u>84 438</u>
LIABILITIES	
Due to others	<u>4 920</u>
TOTAL LIABILITIES	<u>4 920</u>
NET POSITION	
Held in trust	<u>79 518</u>
TOTAL NET POSITION	<u>\$ 79 518</u>

The accompanying notes are an integral part of this statement.

IOLA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Year Ended August 31, 2022

EXHIBIT E-2

	CUSTODY FUND <u>STUDENT ACTIVITY</u>
Additions:	
Contributions	\$ <u>126 102</u>
TOTAL ADDITIONS	<u>126 102</u>
Deductions:	
Payments to others	<u>134 464</u>
TOTAL DEDUCTIONS	<u>134 464</u>
CHANGE IN NET POSITION	(8 362)
Net position - Beginning of the year	<u>87 880</u>
NET POSITION - END OF THE YEAR	\$ <u><u>79 518</u></u>

The accompanying notes are an integral part of this statement.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Iola Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of the Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by a board elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by GAAP, basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The *general fund* is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. While the debt service fund does not meet the requirements to be considered a major fund, it is reported as such due to its significance.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

The *fiduciary funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs. The District has the following type of fiduciary funds:

The *custody funds* are custodial in nature and do not present results of operations or have a measurement focus. Custody funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, grant revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools and commercial paper.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	40 years
Building improvements (including infrastructure)	20 years
Vehicles	10 years
Furniture, fixtures and equipment	7 to 30 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governmental or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

11. Data Control Codes

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

12. Pensions

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



IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Other Post-Employment Benefits (OPEB)

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of August 31, 2022, the District had the following investments:

INVESTMENTS	AMOUNT	WEIGHTED AVERAGE MATURITY DAYS
TexPool	\$ 105 979	41
Lone Star	5 042 565	22
Certificates of deposit	200 000	284
TOTAL INVESTMENTS	\$ 5 348 544	

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Custodial risk.* The District's policy requires that investment pools must be rated no lower than "AAA" or "AAA-m". Bankers' acceptances must be issued in the United States and carry a rating of "A1"/"P1" as provided by two of the top nationally recognized rating agencies. As of August 31, 2022, the District's investments in TexPool and Lone Star were rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Custodial credit risk - Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires funds on deposits at the depository bank to be collateralized. As of August 31, 2022, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

*Custodial credit risk - Investments.* For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities, of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

**Lone Star**

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and nonmembers. Lone Star is rated "AAA" by Standard & Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight and Corporate Overnight maintain a net asset value of \$1.00 and the Corporate Overnight Plus maintains a net asset value of \$0.50.

**B. Capital Assets**

A summary of changes in capital assets for governmental activities at year end is as follows:

	BEGINNING BALANCES	INCREASES	DECREASES	ENDING BALANCES
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 466 540	\$ -	\$ -	\$ 466 540
Construction in progress	180 920	27 010	(207 930)	-
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	647 460	27 010	(207 930)	466 540
Other Capital Assets:				
Buildings and improvements	16 273 174	-	207 930	16 481 104
Equipment	1 255 027	99 779	-	1 354 806
Vehicles	930 921	35 255	-	966 176
TOTAL OTHER CAPITAL ASSETS	18 459 122	135 034	207 930	18 802 086
Less Accumulated Depreciation for:				
Buildings and improvements	(6 630 336)	(458 974)	-	(7 089 310)
Equipment	(1 030 185)	(38 745)	-	(1 068 930)
Vehicles	(804 966)	(30 145)	-	(835 111)
TOTAL ACCUMULATED DEPRECIATION	(8 465 487)	(527 864)	-	(8 993 351)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	9 993 635	(392 830)	-	9 600 805
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 10 641 095	\$ (365 820)	\$ -	\$ 10 275 275

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED**

Depreciation was charged to functions as follows:

Instruction	\$ 305 022
Instructional resources and media services	4 230
Guidance, counseling and evaluation services	361
Health services	971
Student (pupil) transportation	38 745
Food service	10 188
Extracurricular activities	132 496
General administration	11 218
Plant maintenance and operations	24 633
<b>TOTAL DEPRECIATION EXPENSE</b>	<b>\$ 527 864</b>

**C. Long-Term Debt**

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities

GOVERNMENTAL ACTIVITIES		BEGINNING BALANCE	ADDITIONS	(REDUCTIONS)	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
Bonds Payable:						
Series 2009	3.00 - 4.625%	\$ 180 000	\$ -	\$ (180 000)	\$ -	\$ -
Series 2016, refunding	2.00 - 4.00%	8 430 000	-	(190 000)	8 240 000	380 000
TOTAL BONDS PAYABLE		8 610 000	-	(370 000)	8 240 000	380 000
Other Liabilities:						
Net issuance premiums		592 536	-	(32 919)	559 617	-
Net pension liability		1 061 767	-	(572 896)	488 871	-
Net OPEB liability		1 425 413	25 178	-	1 450 591	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 11 689 716	\$ 25 178	\$ (1 339 461)	\$ 10 739 079	\$ 380 000

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The annual requirements to amortize debt issues outstanding at year end were as follows:

YEAR ENDED AUGUST 31	GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2023	\$ 380 000	\$ 223 950	\$ 603 950
2024	395 000	208 450	603 450
2025	410 000	192 350	602 350
2026	425 000	175 650	600 650
2027	440 000	162 750	602 750
2028-2032	2 355 000	657 564	3 012 564
2033-2037	2 665 000	345 689	3 010 689
2038-2040	1 170 000	35 400	1 205 400
<b>TOTAL</b>	<b>\$ 8 240 000</b>	<b>\$ 2 001 803</b>	<b>\$ 10 241 803</b>

**D. Interfund Transactions**

The following is a summary of the District's interfund transactions for the year:

DUE TO FUND	DUE FROM FUND	AMOUNT
General Fund	Other Governmental Funds	\$ 41 645

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

Amount transferred between funds is related expenditures for temporary loan.

TRANSFERS FROM	TRANSFERS TO	AMOUNT
Other Governmental Funds	General fund	\$ 20 341
		\$ 20 341

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Oil and Gas Lease Agreement

On January 13, 2012, the District entered into a two-year lease agreement, (the "Agreement") with the option to extend for an additional year, with Petromax Production, LLC for purposes of exploring; drilling and operating for; and producing and owning oil, gas, and other minerals on District-owned property. The District has the option to extend the agreement each year. The District will receive royalties of 23% of the production of oil, gas, and other substances. During the year, the District received \$756 for the lease of these mineral rights.

NOTE 4 - OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. Although the District does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

C. Defined Benefit Pension Plan

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan 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 benefit 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.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 4 - OTHER INFORMATION - CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 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 requirement is at age 65 five 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 five years of service credit or early 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 postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

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 six percent for the member's annual compensation and a state contribution rate of not less than six percent and not more than ten percent of the aggregate annual compensation paid to members of the system during the fiscal year. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates. The 85<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2020 and 2021.

CONTRIBUTION RATES		2021	2022
Member		7.7%	7.5%
Non-Employer Contribution Entity (State)		7.5%	7.5%
Employers		7.5%	7.5%
2021 Employer Contributions	\$	116 464	
2021 Member Contributions	\$	307 061	
2020 NECE On-behalf Contributions	\$	259 215	

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 GAA.

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

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

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

- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors, and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

**Actuarial Assumptions**

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

Valuation Date	August 31, 2021
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	2.30%
Salary Increases Including Inflation	3.05% to 9.05% including inflation
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

**Discount Rate**

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions from plan 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 pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. 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 arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 are summarized below:

ASSET CLASS	TARGET ALLOCATION*	LONG-TERM EXPECTED GEOMETRIC REAL RATE OF RETURN	EXPECTED CONTRIBUTION TO LONG-TERM PORTFOLIO RETURNS**
<b>Global Equity</b>			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
<b>Stable Value</b>			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	- %	- %	- %
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	(0.30)%	- %
<b>Real Return</b>			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	14%	5.21%	0.73%
Energy and Natural Resources	5%	7.48%	0.37%
Commodities	- %	- %	- %
<b>Risk Parity</b>			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			(0.79)%
<b>Total</b>	<u>100%</u>		<u>7.25%</u>

\* Target allocations are based on the FY2016 policy model.

\* The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

For the fiscal year ended August 31, 2021, the annual money-weighted rate of return on pension plan investments was 7.25 percent. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was one percent less than and one percent 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 proportionate share of the net pension liability	\$ 1 068 261	\$ 488 871	\$ 18 810

At August 31, 2022, the District reported a liability of \$488,871 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	\$ 488 871
State's proportionate share that is associated with the District	1 546 882
<b>TOTAL</b>	<b>\$ 2 035 753</b>

The net pension liability was measured as of 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 District'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 0.0019% which was a decrease of 0.0001% from its proportion measured as of August 31, 2020.

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

The total pension liability as of August 31, 2021 was developed using a roll-forward method from the August 31, 2020 valuation.

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2021.

Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

The discount rate remained unchanged at 7.25 percent as of August 31, 2022.

For the year ended August 31, 2022, the District recognized pension expense of \$6,184 and revenue of \$6,184 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	\$ 818	\$ 34 417
Changes in actuarial assumptions	172 806	75 329
Difference between projected and actual investment earnings	30 365	440 277
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	18 079	172 310
Contributions paid to TRS subsequent to the measurement date	116 464	-
<b>TOTAL</b>	<b>\$ 338 532</b>	<b>\$ 722 333</b>

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

YEAR ENDED AUGUST 31,	PENSION EXPENSE
2023	\$ (89 775)
2024	\$ (109 828)
2025	\$ (141 116)
2026	\$ (146 410)
2027	\$ (10 764)
Thereafter	\$ (2 372)

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**D. 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 that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position**

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling 512.542.6592.

**Benefits Provided**

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. 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. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare coverage.

<b>TRS-Care Monthly for Retirees</b>		
January 1, 2021 - December 31, 2021		
	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1 020	999

\* or surviving spouse

**Contributions**

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% 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.

	<b>Contribution Rates</b>	
	<b>2021</b>	<b>2022</b>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
2022 Employer Contributions	\$ 37 565	
2022 Member Contributions	\$ 24 949	
2021 NECE On-behalf Contributions	\$ 39 360	



IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

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 \$73.6 million in fiscal year 2021.

**Actuarial Assumptions**

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

**Actuarial Methods and Assumptions:**

<b>Valuation Date</b>	August 31, 2021
<b>Methods and Assumptions:</b>	
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Demographic Assumptions	Based on the experience study performed for the Teachers Retirement System of Texas of the period ending August 31, 2017.
Mortality Assumption	The active mortality rates were based on 90% 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 2019 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection scale ("U-MP").
Healthcare Trend Rates	Initial medical trend rates of 107.74% and 9.00% for Medicare retirees and initial medical trend rate of 6.75% for non-Medicare retirees. Initial prescription drug trend rate of 11.00% for all retirees. The first year medical trend for Medicare retirees (107.74%) reflects the anticipated return of the Health Insurer Fee (HIF) in 2020. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 9 years.
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65
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.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**Discount Rate**

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a change of 0.38% in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

**Discount Rate Sensitivity Analysis**

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

1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
\$ 1 749 747	\$ 1 450 591	\$ 1 215 145

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

**Healthcare Cost Trend Rates Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability of TRS-Care using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent less than or one percent higher than the assumed healthcare cost trend rate:

1% Decrease in Healthcare Cost Trend Rate 1.2%	Current Healthcare Cost Trend Rate 2.2%	1% Increase in Healthcare Cost Trend Rate 3.2%
\$ 1 174 930	\$ 1 450 591	\$ 1 820 458

**Resources Related to OPEBs**

At August 31, 2022, the District reported a liability of \$1,450,591 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provide to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1 450 591
State's proportionate share that is associated with the District	1 943 468
TOTAL	<u>\$ 3 394 059</u>

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

At August 31, 2021, the employer's proportion of the collective Net OPEB Liability was 0.0038% which was an increase of 0.0001% from 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 following assumptions and other inputs which are specific to TRS-Care were updated from the prior year's report:

1. The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.
2. The health care trend rates were reset to better reflect the plan's anticipated experience. This change increased the TOL.
3. The participation rate for pre-65 retirees was lowered from 70 percent to 65 percent. The participation rate for post-65 retirees was lowered from 75 percent to 50 percent. 25 percent of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the TOL.
4. The percentage of retirees who are assumed to have two-person coverage was lowered from 20 percent to 15 percent. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20 percent to 10 percent. These changes decreased the TOL.
5. Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of**

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

For the year ended August 31, 2022, the District recognized OPEB expense of \$71,729 and revenue of \$71,729 for support provided by the State.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 4 - OTHER INFORMATION - CONTINUED

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 62 455	\$ 702 187
Changes in actuarial assumptions	160 670	306 773
Difference between projected and actual investment earnings	1 594	19
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	175 501	125 521
Contributions paid to TRS subsequent to the measurement date	37 565	-
TOTAL	<u>\$ 437 785</u>	<u>\$ 1 134 500</u>

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 AMOUNT
2023	\$ (145 238)
2024	\$ (145 273)
2025	\$ (145 264)
2026	\$ (107 080)
2027	\$ (55 386)
Thereafter	\$ (136 039)

The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care received payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the "completed" report submissions by reporting entities for the month of May. For the fiscal years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$15,607, \$17,264, and \$16,091, respectively.

E. Employee Health Care Coverage

During the year, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$255 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable and terms of coverage and premiums costs are included in the contractual provisions. The contract between the District and the insurer is renewable September 1, 2019 and terms of coverage and premiums costs are included in the contractual provisions.

F. Workers' Compensation Insurance

During the year ended August 31, 2022, employees of the District were covered by a self-funded workers' compensation plan (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third-party administrator, Claims Administrative Services (CAS), is renewable September 1, 2018, and the terms of coverage and contributions costs are included in the contractual provisions.

In accordance with state statutes, the District was protected against unanticipated catastrophic individual coverage or aggregate loss by reinsurance coverage carried through Midwest Employers Casualty, a commercial insurer licensed or eligible to do business in the state of Texas in accordance with the Texas Insurance Code. Reinsurance coverage was in effect for individual loss claims exceeding \$1,000,000 and for aggregate claims with a statutory minimum of \$5,000,000. According to CAS, the District had a total of \$31,398 in unpaid claims and \$9,862 in claims incurred but not reported at August 31, 2022.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

**NOTE 4 - OTHER INFORMATION - CONTINUED**

The claim liability is based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate of claims which have been incurred, but not reported based on historical experience. Changes in the claims liability for workers' compensation benefits for the current and prior fiscal years are summarized below:

	FISCAL YEAR	
	2022	2021
Claims liability at beginning of year	\$ 27 964	\$ 27 052
Current year claims and estimated changes	7 233	4 636
Claims payments	(3 799)	(3 724)
CLAIMS LIABILITY AT YEAR END	\$ 31 398	\$ 27 964

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

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

**G. Shared Service Arrangements**

The District participates in an SSA for the education of career and technology students, funded under Title II, Basic Grant Career and Technology Education Program. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the SSA. Region VI is reporting \$5,377 as expenditures incurred on behalf of the District.

The District participates in an SSA for the improvement of the education of limited English proficient children funded under ESEA Title III, Part A, English Language Acquisition and Language Enhancement. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Education Service Center - Region VI, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent is responsible for part of the financial activities of the SSA. Region VI is reporting \$269 as expenditures incurred on behalf of the District.

**NOTE 5 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 5, 2022, the date the financial statements were available to be issued.

**NOTE 6 - CHAPTER 313 AGREEMENT**

The Iola Board of Trustees approved an Agreement with a company for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code, *i.e.*, the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Each company qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as manufacturing projects.

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

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

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
August 31, 2022

NOTE 6 - CHAPTER 313 AGREEMENT - CONTINUED

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

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

As of the date of this letter, the Applicant companies are in full compliance with all of their obligations under law and the individual Agreements.

This agreement limits the taxable value of the covered property not to exceed the lesser of \$20,000,000 or the market value of the qualified property for a ten year period beginning with fiscal year 2024. For the fiscal year 2022, the Applicant Company was not required to make a supplemental payment to the District, payments start with the 2024 fiscal school year.

#### REQUIRED SUPPLEMENTARY INFORMATION

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

IOLA INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended August 31, 2022

EXHIBIT G-1

DATA CONTROL CODES		1 BUDGETED AMOUNTS		3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL	ACTUAL	
	Revenues:				
5700	Local and intermediate sources	\$ 3 593 578	\$ 4 329 699	\$ 4 329 700	\$ 1
5800	State program revenues	2 185 994	2 493 257	2 608 669	115 412
5900	Federal program revenue	-	7 801	78 901	71 100
5020	TOTAL REVENUES	<u>5 779 572</u>	<u>6 830 757</u>	<u>7 017 270</u>	<u>186 513</u>
	Expenditures:				
0011	Instruction	3 229 306	3 345 049	3 325 467	19 582
0012	Instructional resources and media services	51 776	51 776	48 021	3 755
0013	Curriculum and instructional staff development	69 095	69 095	67 536	1 559
0023	School leadership	290 422	290 422	288 661	1 761
0031	Guidance, counseling and evaluation services	118 285	118 285	117 212	1 073
0033	Health services	67 981	47 981	42 876	5 105
0034	Student (pupil) transportation	266 799	374 799	372 363	2 436
0036	Extracurricular activities	255 702	246 702	240 969	5 733
0041	General administration	345 732	346 733	346 411	322
0051	Plant maintenance and operations	660 050	885 950	851 245	34 705
0052	Security and monitoring services	84 900	84 900	82 887	2 013
0053	Data processing services	22 400	22 500	22 435	65
0093	Payments to fiscal agent/member district of SSA	120 000	137 000	136 250	750
0099	Other intergovernmental charges	127 000	127 000	119 032	7 968
6030	TOTAL EXPENDITURES	<u>5 709 448</u>	<u>6 148 192</u>	<u>6 061 365</u>	<u>86 827</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>70 124</u>	<u>682 565</u>	<u>955 905</u>	<u>273 340</u>
	Other Financing Sources (Uses):				
7915	Transfers out	-	-	20 341	20 341
7080	TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>20 341</u>	<u>20 341</u>
1200	NET CHANGE IN FUND BALANCES	70 124	682 565	976 246	293 681
0100	Fund balance - Beginning	<u>3 945 125</u>	<u>3 945 125</u>	<u>3 945 125</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 4 015 249</u>	<u>\$ 4 627 690</u>	<u>\$ 4 921 371</u>	<u>\$ 293 681</u>

See independent auditors' report.

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

EXHIBIT G-2

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0019%	0.0020%	0.0021%	0.0025%	0.0026936%	0.0027021%	0.0023701%	0.0013016%
District's proportionate share of the net pension liability (asset)	\$ 488 871	\$ 1 061 767	\$ 1 102 004	\$ 1 400 509	\$ 861 273	\$ 1 021 089	\$ 837 799	\$ 347 676
State's proportionate share of the net pension liability (asset) associated with the District	1 546 882	3 230 724	2 680 535	3 015 474	1 734 937	2 153 921	2 073 449	1 786 364
<b>TOTAL</b>	<b>\$ 2 035 753</b>	<b>\$ 4 292 491</b>	<b>\$ 3 782 539</b>	<b>\$ 4 415 983</b>	<b>\$ 2 596 210</b>	<b>\$ 3 175 010</b>	<b>\$ 2 911 248</b>	<b>\$ 2 134 040</b>
District's covered-employee payroll**	\$ 3 786 842	\$ 3 762 797	\$ 3 199 964	\$ 3 433 469	\$ 3 234 816	\$ 3 139 777	\$ 2 968 286	\$ 2 947 709
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.91%	28.22%	34.44%	40.79%	26.63%	32.52%	28.23%	11.79%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	78.00%	78.00%	78.43%	83.25%

**Notes to Required Supplementary Information for the Year Ended August 31, 2022:**

\* Only six years' worth of information are currently available.

\*\* As of the measurement date.

*Changes in Assumptions:* See Note 4 for changes.

*Changes in Benefit:* See Note 4 for changes.

See independent auditors' report.



IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS

EXHIBIT G-3

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 116 464	\$ 78 559	\$ 80 328	\$ 70 755	\$ 84 577	\$ 88 264	\$ 85 853	\$ 70 322	\$ 32 999
Contributions in relation to the contractually required contribution	<u>(116 464)</u>	<u>(78 559)</u>	<u>(80 328)</u>	<u>(70 755)</u>	<u>(84 577)</u>	<u>(88 264)</u>	<u>(85 853)</u>	<u>(70 322)</u>	<u>(32 999)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered- employee payroll	\$ 3 838 259	\$ 3 786 842	\$ 3 762 797	\$ 3 199 964	\$ 3 433 469	\$ 3 234 816	\$ 3 139 777	\$ 2 968 286	\$ 2 947 709
Contributions as a percentage of covered employee payroll	3.03%	2.07%	2.13%	2.21%	2.46%	2.73%	2.73%	2.37%	1.12%

See independent auditors' report.

IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF OPEB LIABILITY  
AND DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS\*

EXHIBIT G-4

<b>District's Proportionate Share of Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
District's proportion of the OPEBL	0.0038%	0.0037%	0.0035%	0.0036457%	0.0036457%
District's proportionate share of the OPEBL	\$ 1 450 591	\$ 1 425 413	\$ 1 676 028	\$ 1 585 375	\$ 1 585 375
State share of the OPEBL associated with the District	<u>1 943 468</u>	<u>1 915 414</u>	<u>2 227 067</u>	<u>2 663 878</u>	<u>2 663 878</u>
TOTAL	<u>\$ 3 394 059</u>	<u>\$ 3 340 827</u>	<u>\$ 3 903 095</u>	<u>\$ 4 249 253</u>	<u>\$ 4 249 253</u>
District's covered-employee payroll* <i>Prior FY TRS Gross - September through August</i>	\$ 3 786 842	\$ 3 762 797	\$ 3 199 964	\$ 3 433 469	\$ 3 234 816
Proportionate share/covered payroll	38.31%	37.88%	52.38%	49.01%	49.01%
Plan fiduciary net position/total OPEB liability	6.18%	4.99%	2.66%	0.91%	0.91%

  

<b>District Contributions</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 37 565	\$ 28 937	\$ 28 221	\$ 24 596	\$ 26 741
Contributions to required contribution	<u>(37 565)</u>	<u>(28 937)</u>	<u>(28 221)</u>	<u>(24 596)</u>	<u>(26 741)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Current fiscal year TRS gross	\$ 3 838 259	\$ 3 786 842	\$ 3 762 797	\$ 3 199 964	\$ 3 433 469
Contributions to covered payroll	0.98%	0.76%	0.75%	0.77%	0.78%

Information provided by the Teacher Retirement System of Texas.

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

Notes - See changes in assumptions - Note 4 D.

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
August 31, 2022

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund and Debt Service Fund and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District presented the General Fund budgetary comparison schedule as required supplementary information. The Child Nutrition Fund and Debt Service Fund budgetary comparison schedule is presented as required TEA schedules. 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.

See Note 2 for additional procedures followed in establishing the budget.

Pension and OPEB

See Note 4 for changes of assumptions and benefits that affect the pension and OPEB liability.

## OTHER SUPPLEMENTARY INFORMATION

IOLA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2022

DATA CONTROL CODES		211 ESEA TITLE 1 IMPROVING BASIC SKILLS	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM	255 TITLE II PART A TRAINING AND RECRUITING
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ 173 544	\$ -
1240	Due from other government	<u>5 067</u>	<u>16 119</u>	<u>2 732</u>
1000	TOTAL ASSETS	<u>\$ 5 067</u>	<u>\$ 189 663</u>	<u>\$ 2 732</u>
	LIABILITIES			
2170	Due to other funds	\$ <u>5 067</u>	\$ -	\$ <u>2 732</u>
3000	TOTAL LIABILITIES	<u>5 067</u>	<u>-</u>	<u>2 732</u>
	FUND BALANCES			
	Restricted Fund Balances:			
3490	Other restricted of fund balance	<u>-</u>	<u>189 663</u>	<u>-</u>
3000	TOTAL FUND BALANCES	<u>-</u>	<u>189 663</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5 067</u>	<u>\$ 189 663</u>	<u>\$ 2 732</u>

See independent auditors' report.

## EXHIBIT H-1

266	281	282	289	397	410	
ESSER	ESSER II	ESSER III	TITLE IV PART A SUBPART 1	ADVANCED PLACEMENT	TEXTBOOK ALLOTMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 2 619	\$ 6	\$ -	\$ 176 169
-	-	-	1 679	-	32 531	58 128
\$ -	\$ -	\$ -	\$ 4 298	\$ 6	\$ 32 531	\$ 234 297
\$ -	\$ -	\$ -	\$ 1 679	\$ -	\$ 32 167	\$ 41 645
-	-	-	1 679	-	32 167	41 645
-	-	-	2 619	6	364	192 652
-	-	-	2 619	6	364	192 652
\$ -	\$ -	\$ -	\$ 4 298	\$ 6	\$ 32 531	\$ 234 297

IOLA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended August 31, 2022

DATA CONTROL CODES		211 ESEA TITLE 1 IMPROVING BASIC SKILLS	240 NATIONAL SCHOOL BREAKFAST/ LUNCH PROGRAM	255 TITLE II PART A TRAINING AND RECRUITING
	Revenues:			
5700	Local, intermediate, and out-of-state	\$ -	\$ 107 718	\$ -
5800	State program revenues	-	5 647	-
5900	Federal program revenues	100 613	371 889	16 659
5020	TOTAL REVENUES	100 613	485 254	16 659
	Expenditures:			
0011	Instruction	100 613	-	16 659
0033	Health services	-	-	-
0035	Food services	-	370 295	-
6030	TOTAL EXPENDITURES	100 613	370 295	16 659
	EXCESS (DEFICIENCY) REVENUE OVER (UNDER) EXPENDITURES	-	114 959	-
	Other Financing Sources (Uses):			
8911	Transfer out	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
1200	NET CHANGE IN FUND BALANCE	-	114 959	-
0100	Fund balance - Beginning	-	74 704	-
3000	ENDING FUND BALANCE	\$ -	\$ 189 663	\$ -

See independent auditors' report.

## EXHIBIT H-2

266	281	282	289	397	410	
ESSER	ESSER II	ESSER III	TITLE IV PART A SUBPART 1	ADVANCED PLACEMENT	TEXTBOOK ALLOTMENT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 107 718
-	-	-	-	6	47 244	52 897
46 130	103 984	374 535	71 875	-	-	1 085 685
46 130	103 984	374 535	71 875	6	47 244	1 246 300
46 130	103 984	374 535	46 258	-	49 831	738 010
-	-	-	27 296	-	-	27 296
-	-	-	-	-	-	370 295
46 130	103 984	374 535	73 554	-	49 831	1 135 601
-	-	-	(1 679)	6	(2 587)	110 699
-	(20 341)	-	-	-	-	(20 341)
-	(20 341)	-	-	-	-	(20 341)
-	(20 341)	-	(1 679)	6	(2 587)	90 358
-	20 341	-	4 298	-	2 951	102 294
\$ -	\$ -	-	\$ 2 619	\$ 6	\$ 364	\$ 192 652



IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
For the Year Ended August 31, 2022

	(1)	(2)	(3)	
	TAX RATES		ASSESSED/APPRaisal VALUE FOR SCHOOL TAX PURPOSES	
LAST 10 YEARS	MAINTENANCE	DEBT SERVICE		
2013 and prior years	Various	Various	Various	
2014	1.0100	0.28890	\$	237 927 689
2015	1.0400	0.25540	\$	286 932 029
2016	1.0400	0.28110	\$	300 714 274
2017	1.0400	0.30120	\$	288 770 337
2018	1.0400	0.22560	\$	258 525 074
2019	1.0400	0.19410	\$	288 105 488
2020	0.9700	0.19036	\$	194 720 564
2021	0.9439	0.18123	\$	380 415 596
2022 (School year under audit)	0.8720	0.17000	\$	446 290 403
TOTALS				

See independent auditors' report.

## EXHIBIT J-1

(10) BEGINNING BALANCE 09/01/2021	(20) CURRENT PERIOD'S TOTAL LEVY	(31) MAINTENANCE TOTAL COLLECTED	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE PERIOD'S ADJUSTMENTS	(50) ENDING BALANCE 08/31/2022
\$ 51 971	\$ -	\$ 354	\$ 127	\$ 306	\$ 51 796
13 950	-	499	143	(36)	13 272
13 212	-	242	59	(37)	12 874
14 004	-	512	138	(37)	13 317
13 739	-	626	181	(38)	12 894
17 490	-	2 258	490	(39)	14 703
25 537	-	5 508	1 028	(359)	18 642
35 497	-	10 807	2 121	(242)	22 327
73 688	-	28 736	5 517	(9 020)	30 415
-	4 650 346	3 839 735	747 992	5 086	67 705
\$ 259 088	\$ 4 650 346	\$ 3 889 277	\$ 757 796	\$ (4 416)	\$ 257 945

IOLA INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
For the Year Ended August 31, 2022

EXHIBIT J-2

		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL AMOUNTS	
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ -	\$ 107 718	\$ 107 718	\$ -
5800	State program revenues	2 500	5 647	5 647	-
5900	Federal program revenue	310 000	352 927	371 889	18 962
5020	TOTAL REVENUES	312 500	466 292	485 254	18 962
	Expenditures:				
0035	Food service	312 500	394 500	370 295	24 205
6030	TOTAL EXPENDITURES	312 500	394 500	370 295	24 205
1200	NET CHANGE IN FUND BALANCE	-	71 792	114 959	43 167
0100	Fund balance - Beginning	74 704	74 704	74 704	-
3000	FUND BALANCE - ENDING	\$ 74 704	\$ 146 496	\$ 189 663	\$ 43 167

See independent auditors' report.

IOLA INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
For the Year Ended August 31, 2022

EXHIBIT J-3

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE OR (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL AMOUNTS	
		ORIGINAL	FINAL		
	Revenues:				
5700	Local and intermediate sources	\$ 610 000	\$ 763 547	\$ 763 548	\$ 1
5800	State program revenues	9 000	12 266	12 266	-
5020	TOTAL REVENUES	<u>619 000</u>	<u>775 813</u>	<u>775 814</u>	<u>1</u>
	Expenditures:				
	Debt Service:				
0071	Principal	370 000	370 000	370 000	-
0072	Interest	238 000	238 000	238 000	-
0073	Bond issuance costs and fees	900	900	400	500
6030	TOTAL EXPENDITURES	<u>608 900</u>	<u>608 900</u>	<u>608 400</u>	<u>500</u>
1200	NET CHANGE IN FUND BALANCES	10 100	166 913	167 414	501
0100	Fund balance - Beginning	<u>620 267</u>	<u>620 267</u>	<u>620 267</u>	<u>-</u>
3000	FUND BALANCE - ENDING	<u>\$ 640 467</u>	<u>\$ 954 093</u>	<u>\$ 787 681</u>	<u>\$ 501</u>

See independent auditors' report.

IOLA INDEPENDENT SCHOOL DISTRICT  
STATE SUPPLEMENTAL ALLOTMENT COMPLIANCE  
USE OF FUNDS REPORT  
For the Year Ended August 31, 2022

EXHIBIT J-4

<u>DATA CONTROL CODES</u>		<u>RESPONSES</u>
	<u>Section A: Compensatory Education Programs</u>	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ <u>278 740</u>
AP5	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$ <u>192 600</u>
	<u>Section B: Bilingual Education Programs</u>	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP8	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP9	Does the district have written policies and procedures for its bilingual education program?	Yes
AP10	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ <u>3 580</u>
AP12	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25 and 35)	\$ <u>2 000</u>

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

Board of Trustees  
Iola Independent School District  
Iola, Texas

Members of the Board of Trustees:

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

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Lufkin, Texas  
\_\_\_\_\_, 2022

\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *UNIFORM GUIDANCE*

Board of Trustees  
Iola Independent School District  
Iola, Texas

Members of the Board:

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

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Iola Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Iola Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Iola Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

Lufkin, Texas  
\_\_\_\_\_, 2022

\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS



IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2022

EXHIBIT K-1

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH ENTITY IDENTIFYING NUMBER	EXPENDITURES
U.S. Department of Agriculture:			
Passed through State Department of Agriculture:			
National School Breakfast Program	10.553	202121N109946	\$ 77 812
National School Lunch Program	10.555	202222N109946	266 120
TOTAL CHILD NUTRITION CLUSTER			<u>343 932</u>
USDA Commodities (direct)	10.565	N/A	27 957
TOTAL PASS THROUGH STATE DEPARTMENT OF AGRICULTURE			<u>371 889</u>
U.S. Department of Education:			
Passed through State Department of Education:			
IDEA - B Formula	84.027A	N/A	100 613
Title II, Part A Supporting Effective Instruction	84.367A	S367A210041	16 659
TCLAS ESSER III	84.425D	S425U210042	46 130
CRRSA ESSER II	84.425D	S425D210042	103 984
Title IV, Part A, Subpart 1	84.424A	S424A210045	13 900
ESSER III	84.425U	S425U210042	374 535
TOTAL PASS THROUGH STATE DEPARTMENT OF EDUCATION			<u>655 821</u>
Texas Department of Health and Human Services:			
Nurse Grant	93.354	N/A	27 296
SRSA Grant	93.186	N/A	30 679
TOTAL TEXAS DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>57 975</u>
TOTAL EXPENDITURE OF FEDERAL AWARDS			\$ <u>1 085 685</u>
<b>RECONCILIATION TO FEDERAL REVENUE PER C-2</b>			
TOTAL EXPENDITURE OF FEDERAL AWARDS			\$ 1 085 685
Other Federal Programs:			
Passed through Texas Department of Health and Human Services and Medicaid Reimbursement Claiming Program:			
School Health and Related Services	93.990		78 901
TOTAL OTHER FEDERAL PROGRAMS			<u>78 901</u>
TOTAL FEDERAL REVENUE PER EXHIBIT C-2			\$ <u>1 164 586</u>

IOLA INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended August 31, 2022

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Iola Independent School District under programs of the federal government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Iola Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Iola Independent School District.
2. 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 designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
3. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a governmental fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3 Uniform Guidance Compliance Statement - Provisional 6/97.
5. Iola Independent School District has not elected to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended August 31, 2022

A. Summary of the Auditor's Results

Type of report on financial statements	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Internal control over major programs:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance which is material to the basic financial statement	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None
Type of report on compliance with major programs:	<u>Unmodified</u>
Findings and questioned costs for Federal awards as defined in Section 200.516, Uniform Guidance	None
Dollar threshold considered between Type A and Type B Federal programs:	<u>\$750,000</u>
Low-risk auditee statement	The District was not classified as a low-risk auditee in the context of Uniform Guidance
Major Federal programs	84.425 ESSER

B. Findings related to the financial statements which are required to be reported in Accordance with Generally Accepted Auditing Standards.

NONE

C. Findings and Questioned Costs for Federal Award

NONE

IOLA INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended August 31, 2022

Prior Audit Findings

None

IOLA INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
For the Year Ended August 31, 2022

None

IOLA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REQUIRED RESPONSES TO SELECTED  
SCHOOL FIRST INDICATORS  
As of August 31, 2022

Exhibit L-1

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