

Coupland Independent School District

Annual Financial Report

For the Year Ended August 31, 2022

Coupland Independent School District

Annual Financial Report

For the Fiscal Year Ended August 21, 2022

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CERTIFICATE OF BOARD

Coupland Independent School District
Name of School District

Williamson
County

246-914
Co-Dist. No.

We, the undersigned, certify that the attached financial reports of the Coupland Independent School District were reviewed and ____ approved ____ disapproved for the year ended August 31, 2022, at a meeting of the Board of Trustees of such school district on the 8th day of November, 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):

Financial Section

Independent Auditor's Report

To the Board of Trustees
Coupland Independent School District
Coupland, Texas

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coupland 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Coupland Independent School District as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 19, 2022, on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Karl Kacir". The signature is written in a cursive style with a small flourish at the end of the last name.

Karl Kacir, CPA
October 19, 2022

Coupland Independent School District Management's Discussion and Analysis

Our discussion and analysis of the Coupland Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended August 31, 2022. Please read this analysis in conjunction with the District's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position increased \$921,066, 31.7%, from \$2,904,022 to \$3,825,088.
- Unrestricted net position increased \$811,559, 90.2%, from \$899,968 to \$1,711,527.
- Government-wide revenues increased \$1,359,199, 46.6%, from \$2,918,077 to \$4,277,276.
- Total cost of all District programs government-wide increased \$975,825, 41.0%, from \$2,380,385 to \$3,356,210.
- The General Fund ended the year with a fund balance of \$2,537,796, an increase of \$759,855 from the prior year balance of \$1,777,941.

These highlights and more are discussed in the following sections.

USING THIS ANNUAL FINANCIAL REPORT

This annual financial report consists of four sections as outlined in the Table of Contents:

- Management's Discussion and Analysis (this section);
- Basic Financial Statements;
- Required Supplementary Information; and,
- Supplementary Information.

Basic Financial Statements

The **basic financial statements** include three components:

- Government-wide financial statements;
- Fund financial statements; and,
- Notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the District's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no business-type activities and no component units for which it is financially accountable. The government-wide financial statements can be found as Exhibits A – 1 and B – 1 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The *fund financial statements* provide more detailed information about the District's most significant funds – not the District as a whole. Some funds are required by State law and/or grant provisions; other funds may be established by the Board to control and manage money

Coupland Independent School District Management’s Discussion and Analysis

for particular purposes or to show that it is properly using certain taxes or grants. All of the funds of the District are considered to be “governmental funds.”

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained fifteen governmental funds during the fiscal year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and for the ESSER II, CRRSA Act Fund, which are considered to be major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the “Supplementary Information” section of this report.

Financial statements for District’s governmental funds can be found as Exhibits C – 1 and C – 3, and Exhibits H – 1 and H – 2. The District adopts an annual appropriated budget for its General Fund, Food Service Fund, and Debt Service Fund. A budgetary comparison schedule has been provided to demonstrate compliance with each of these budgets, which are included as Exhibits G – 1, J – 2, and J – 3.

Notes to the Financial Statements

The *notes to the financial statements* provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 19 of this report.

Required Supplementary Information and Supplementary Information

“Required Supplementary Information” includes the budgetary comparison for the General Fund, because it is a major fund, and schedules to report the District’s proportionate share of pension and other postemployment benefit liabilities and the District’s contributions. “Supplementary Information” includes the combining statements referred to earlier in connection with nonmajor governmental funds, information required by the Texas Education Agency regarding tax collections, budgetary comparisons for the Food Service Fund and Debt Service Fund, and the use of funds for selected state allotment programs. Information required by the Texas Education Agency and the federal government related to grants are presented in the “Compliance and Internal Controls Section.”

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District’s governmental activities.

As seen in Table VI, below, the District has had an increase of approximately 50% in student enrollment. This increase impacted revenues and expenditures. Much of this growth is due to an increase in people moving into the district. In fiscal 2021, the District completed major construction and renovation projects that increased building capacity and provided facilities to support the student enrollment growth.

Current assets include cash and cash equivalents, property tax receivables, and due from other governments. An increase in fund balance in the General Fund resulted in an increase in cash and state aid due from the Texas Education Agency, which was used to liquidate current liabilities from the prior year related to the building and construction program that was completed in fiscal year 2021, to fund purchases of capital assets in fiscal year 2022 of \$373,077, and to make principal payments on long-term debt of \$107,000.

Coupland Independent School District Management’s Discussion and Analysis

The net position of the District reflects the balance of total assets and deferred outflows net of total liabilities and deferred inflows. Total net position and unrestricted net position increased due to the increase in fund balance of the General Fund, discussed below.

Table I - Coupland Independent School District’s Net Position

	Government Activities		Change 2021 to
	2022	2021	2022
Current assets	\$ 2,871,825	\$ 2,764,865	\$ 106,960
Capital assets	7,786,033	7,602,814	183,219
Total Assets	10,657,858	10,367,679	290,179
Total Deferred Outflows of Resources	469,288	329,703	139,585
Current liabilities	183,376	622,480	(439,104)
Long-term liabilities	6,510,906	6,757,525	(246,619)
Total Liabilities	6,694,282	7,380,005	(685,723)
Total Deferred Inflows of Resources	607,776	413,355	194,421
Net Position:			
Invested in capital assets	1,983,796	1,919,398	64,398
Restricted for other purposes	129,765	84,656	45,109
Unrestricted	1,711,527	899,968	811,559
Total Net Position	\$ 3,825,088	\$ 2,904,022	\$ 921,066

The change in Total Net Position reflects revenues and expenses. There were significant changes in 2022 compared to 2021. Changes in revenues include:

- Revenues from operating grants increased \$192,436 due to additional grant funding from the federal government.
- Property taxes levied for general purposes increased due to rising property values.
- State aide formula grant revenues increased primarily from an increase in students.
- Investment earnings increased due to rising interest rates.

The increased enrollment required additional staff, which caused expense increases in various functions. The most significant increases were in: Function 11, Instruction; Function 23, School Leadership (an assistant principal position was added); Function 35, Food Services; and, Function 51, Plant Maintenance and Operations, which was also impacted by an increase in buildings.

There was an increase of \$153,235 in depreciation expense due to the new facilities and equipment. The largest increase in a function was an increase of \$98,912 in Function 11, Instruction.

Other changes in expenses include:

- Food service expenses increased primarily due to an increase in salaries, noted above, food and other supplies due to the increase in meals served.
- Plant maintenance expenses increased due to additional staffing. There was an increase in utilities and expenses for locker replacements and custodial supplies, but it was offset by a decrease in repairs.
- Security and monitoring expenses decreased due to grant monies spent on camera replacement and other security upgrades in the prior year that did not occur this fiscal year.
- Debt service fees decreased due to the cost of debt issuance in the prior year.

The cost of all governmental activities this year was \$3,356,210, compared to \$2,380,385 in the prior year; however, as shown in the Statement of Activities (Exhibit B-1), the amount that our taxpayers ultimately financed for these activities through District taxes and other general funding was \$2,712,716, which compares to \$1,959,319 in the prior year. \$548,961 of costs were paid by operating grants and contributions, which is primarily federal and state grant funding, and pension and OPEB benefits paid by the state, and \$94,533 was paid for by charges for services, such as for food service programs, after school child care, and miscellaneous extracurricular activities.

Coupland Independent School District Management's Discussion and Analysis

Table II - Coupland Independent School District's Changes in Net Position

	Government Activities		Change 2021 to 2022
	2022	2021	
Revenues			
Program Revenues			
Charges for services	\$ 94,533	\$ 64,541	\$ 29,992
Operating grants & contributions	548,961	356,525	192,436
General Revenues			
Property taxes levied for general purposes	1,517,266	992,809	524,457
Property taxes levied for debt service	233,165	248,624	(15,459)
State aide - formula grants	1,860,615	1,214,813	645,802
Investment earnings	19,680	3,065	16,615
Miscellaneous	3,056	37,700	(34,644)
Total Revenues	4,277,276	2,918,077	1,359,199
Expenses			
11 Instruction	1,854,012	1,084,361	769,651
12 Library and Instructional Resources	29,765	20,348	9,417
13 Curriculum and Staff Development	7,007	7,615	(608)
23 School Leadership	217,944	130,453	87,491
31 Guidance and Counseling	14,000	14,000	-
33 Health Services	2,516	1,238	1,278
34 Student Transportation	141,168	136,678	4,490
35 Food Services	168,401	123,777	44,624
36 Extracurricular Activities	37,691	22,377	15,314
41 General Administration	121,866	103,476	18,390
51 Plant Maintenance and Operations	302,939	236,662	66,277
52 Security and Monitoring	18,525	42,788	(24,263)
53 Data Processing Services	194,734	215,459	(20,725)
61 Community Services	12,583	12,641	(58)
72 Debt Service - Interest	138,222	132,268	5,954
73 Debt Service - Fees	500	27,750	(27,250)
93 Payments To Shared Services Arrangements	85,385	61,318	24,067
99 Other Intergovernmental Charges	8,952	7,176	1,776
Total Expenses	3,356,210	2,380,385	975,825
Increase in net position	921,066	537,692	383,374
Net position, beginning of year	2,904,022	2,366,330	537,692
Net position, end of year	\$ 3,825,088	\$ 2,904,022	\$ 921,066

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in Exhibit C-1) reported a combined fund balance of \$2,682,221, which is an increase of \$541,105 from last year's total of \$2,141,116. The District's fund balance in the General Fund increased from \$1,777,941 to \$2,537,796, which is an increase of \$759,855. The increase is partially due to the increasing enrollment which increases revenues immediately, while expenditures tend to lag behind as additional staff are hired and other costs are incurred to meet the enrollment growth.

The fund balances in "Other Funds" includes \$46,691 in the Food Service Fund, which must be used for operations of that fund, \$88,788 in the Debt Service Fund, which must be used for debt service, and \$8,896 of fund balance in the Campus Activity Fund, which is committed to use in activity funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Administration prepares the original budget and proposed amendments for the General Fund. State law requires that the Board of Trustees approve the original budget and any amendments. Board approval is at the function level for expenditures. The original and amended budgets are shown on Exhibit G – 1.

Revisions to budgeted revenues and expenditures generally fall into the following categories: (A) routine

Coupland Independent School District Management's Discussion and Analysis

amendments to planning estimates; (B) supplemental amendments for unexpected occurrences, or for significant events which for various reasons were not budgeted; and, (C) supplemental amendments for capital outlay, facilities, or other projects.

The original adopted budget for the General Fund provided for a decrease in fund balance of \$381,587. The amended budget provided for a decrease in fund balance of \$399,977. The more significant amendments were to make revisions to the budget in October 2021 with updated enrollment and funding numbers and to increase Function 51, Plant Maintenance, to provide for purchasing a portable building.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the District had \$7,786,033 invested in a broad range of capital assets, including land, facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Additions during the year included \$118,873 to complete construction, major maintenance, and renovation projects, \$94,448 to purchase and set up a portable building, and \$77,108 for technology equipment. Depreciation expense of \$189,858 was recorded for the year.

Table III - Coupland Independent School District's Capital Assets

	Historical Cost		Net of Depreciation	
	2022	2021	2022	2021
Land	\$ 296,698	\$ 296,698	\$ 296,698	\$ 296,698
Construction in Process	-	587,762	-	587,762
Buildings & improvements	7,588,177	6,795,175	7,012,192	6,356,523
Furniture & equipment	742,451	582,695	477,143	361,831
Total	<u>\$ 8,627,326</u>	<u>\$ 8,262,330</u>	<u>\$ 7,786,033</u>	<u>\$ 7,602,814</u>

Debt

Debt consisted of general obligation bonds, which were issued during 2020, and the related bond premium, and a maintenance tax note, issued in October 2020. General obligation bonds are serviced through the Debt Service Fund. They are secured by a pledge of property tax revenues and are backed by Texas Permanent School Fund Bond Guarantee Program. The maintenance tax note is serviced through the General Fund and is secured by a pledge of maintenance and operations taxes.

Table IV - Coupland Independent School District's Long-term Debt

	2021	Additions	Decreases	2022
General obligation bonds	\$ 4,550,000	\$ -	\$ 55,000	\$ 4,495,000
Maintenance tax note	820,000	-	52,000	768,000
Premium	578,052	-	38,765	539,287
Total Long-term Debt	<u>\$ 5,948,052</u>	<u>\$ -</u>	<u>\$ 145,765</u>	<u>\$ 5,802,287</u>

Pension and OPEB Liabilities

In accordance with governmental accounting standards, the District records expenses for pensions and other postemployment benefits that are provided through the Teachers Retirement System (TRS). The amounts reported are based on the District's proportional share of contributions to the pension plan relative to the contributions of all employers to the plan for the period in each year.

GASB requirements allow for reporting of pension and OPEB obligations for plan years earlier than the entity's fiscal year to allow time required to complete audits and actuarial projections. The net pension and OPEB liabilities, and related deferred outflows and inflows, reported in the District's statement of net position as of August 31, 2022, are based on the TRS and TRS-Care plan years ended August 31, 2021.

A summary of pension and OPEB-related items in the Statement of Net Position is as follows:

Coupland Independent School District Management’s Discussion and Analysis

Table V - Coupland Independent School District’s Pension and OPEB Items

	Pension		OPEB	
	2022	2021	2022	2021
Deferred Outflow s	\$ 216,208	\$ 172,047	\$ 253,080	\$ 157,656
Deferred Inflow s	(246,001)	(74,908)	(361,775)	(338,447)
Net Pension/OPEB Liability	(210,062)	(370,646)	(498,557)	(438,827)
Increase (Decrease) to Net Position	\$ (239,855)	\$ (273,507)	\$ (607,252)	\$ (619,618)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

A substantial amount of the District’s funding comes from state aid formula grants and property taxes. Parts of the State formula consider the amount of property tax revenues generated by the district, and in general state aid is reduced as property tax revenues rise, and vice versa. The overall result is that total revenue from state aid and property taxes is highly dependent on numbers of students and student attendance.

Student enrollment is measured by the number of students registered to attend a district. The “refined average daily attendance (ADA)” reflects the numbers of students attending school on a daily basis. Refined ADA is further adjusted by factors to weight students in certain settings, such as special education and compensatory education, to provide more funding for the additional costs of those programs. “Weighted average daily attendance (WADA)” reflects the overall weighted student attendance. Refined ADA and WADA are key factors in determining the total overall revenues from property taxes and state aid.

District student data for the five years ended August 31, 2022, was as follows:

Table VI - Coupland Independent School District’s Student Data

	2017-18	2018-19	2019-20	2020-21	2021-22
Enrollment	164	169	163	173	263
Refined ADA	159	167	160	175	251
WADA	253	285	294	328	502

The District anticipates that enrollment will continue to increase in the near future.

A citizens group made recommendations and the Board passed an order calling for a bond election that was held in May 2022. The proposed bond issue totaled \$91.6 million and was to fund buildings for a separate middle school and high school to accommodate student enrollment growth. The vote ended in a tie and failed to pass. A revised proposal to build a new middle school for \$56 million will be presented to voters in the November 2022 general election.

Property values have increased significantly in recent years. Values for the current year levy increased approximately 62% over the prior year and values for the fiscal year 2023 levy increased approximately 42% over 2022 values. Separate tax rates are adopted for Maintenance and Operations (M & O) and for Debt Service. State law requires districts to adjust the M & O tax rate to reflect changes in property values. The adopted tax rates (per \$100 of property value) for M & O were \$0.9217, \$0.872, and \$0.8546, for fiscal years 2021, 2022 and 2023, respectively. The adopted Debt Service rates were \$0.232257, \$0.133851, and \$0.095108 for those same years.

Management recommended and the Board adopted a General Fund budget for 2022-23 that provides for a balanced budget with expenditures of \$4,262,201.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers 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 Administrative Office at 620 South Commerce Street, Coupland, Texas 78615, or by calling (512) 856-2422.

Basic Financial Statements

Coupland Independent School District
Statement of Net Position
August 31, 2022

Exhibit A-1

Data Control Codes		Primary Government 1 Governmental Activities
ASSETS		
1110	Cash and Temporary Investments	\$ 1,812,956
1220	Delinquent Property Taxes Receivable	16,618
1230	Allow ance for Uncollectable Taxes	(3,323)
1240	Due from Other Governments	1,044,809
1290	Other Receivables	765
	Capital Assets:	
1510	Land	296,698
1520	Buildings and Improvements, Net	7,012,192
1530	Furniture and Equipment, Net	477,143
1000	Total Assets	<u>10,657,858</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Related to TRS Pension Plan	216,208
1706	Related to TRS-Care Other Postemployment Benefits	253,080
1700	Total Deferred Outflow s of Resources	<u>469,288</u>
LIABILITIES		
2110	Accounts Payable	3,670
2160	Accrued Wages Payable	161,866
2200	Accrued Expenses	10,932
2300	Unearned Revenues	6,908
	Noncurrent Liabilities:	
2502	Long-term Liabilities - Due w ithin One Year	113,000
2502	Long-term Liabilities	5,689,287
2540	Net Pension Liability for TRS Pension Plan	210,062
2545	Net OPEB Liability for TRS-Care Retiree Health Insurance	498,557
2000	Total Liabilities	<u>6,694,282</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Related to TRS Pension Plan	246,001
2606	Related to TRS-Care Other Postemployment Benefits	361,775
2600	Total Deferred Inflow s	<u>607,776</u>
NET POSITION		
3200	Invested in Capital Assets	1,983,796
3820	Restricted for Federal and State Grants	46,691
3850	Restricted for Debt Service	83,074
3900	Unrestricted	1,711,527
3000	Total Net Position	<u>\$ 3,825,088</u>

The accompanying notes are an integral part of these financial statements.

Coupland Independent School District
Statement of Activities
For the Year Ended August 31, 2022

Exhibit B-1

Data Control Codes	1	Program Revenues		Net (Expense)	
		3	4	Revenue & Changes in Net Position	
	Expenses	Charges for Services	Operating Grants & Contributions	6 Primary Governmental Activities	
Primary government:					
Governmental Activities:					
11	Instruction	\$ 1,854,012	\$ 387	\$ 362,626	\$ (1,490,999)
12	Library and Instructional Resources	29,765	-	(198)	(29,963)
13	Curriculum and Staff Development	7,007	-	345	(6,662)
23	School Leadership	217,944	-	(1,760)	(219,704)
31	Guidance and Counseling	14,000	-	-	(14,000)
33	Health Services	2,516	-	-	(2,516)
34	Student Transportation	141,168	-	48,106	(93,062)
35	Food Services	168,401	60,517	131,460	23,576
36	Extracurricular Activities	37,691	7,049	(111)	(30,753)
41	General Administration	121,866	-	(551)	(122,417)
51	Plant Maintenance and Operations	302,939	-	10,443	(292,496)
52	Security and Monitoring	18,525	-	-	(18,525)
53	Data Processing Services	194,734	-	(1,329)	(196,063)
61	Community Services	12,583	26,580	(70)	13,927
72	Debt Service - Interest	138,222	-	-	(138,222)
73	Debt Service - Issuance Costs and Fees	500	-	-	(500)
93	Payments To Shared Services Arrangements	85,385	-	-	(85,385)
99	Other Intergovernmental Charges	8,952	-	-	(8,952)
TP	Total Primary Government	<u>\$ 3,356,210</u>	<u>\$ 94,533</u>	<u>\$ 548,961</u>	<u>(2,712,716)</u>
General Revenues:					
MT	Property Taxes Levied for General Purposes				1,517,266
DT	Property Taxes Levied for Debt Service				233,165
SF	State Aid - Formula Grants				1,860,615
IE	Investment Earnings				19,680
MI	Miscellaneous				3,056
TR	Total General Revenues				<u>3,633,782</u>
CN	Change in Net Position				921,066
NB	Net Position, Beginning				2,904,022
NE	Net Position, Ending				<u>\$ 3,825,088</u>

The accompanying notes are an integral part of these financial statements.

**Coupland Independent School District
Balance Sheet
Governmental Funds
August 31, 2022**

Exhibit C-1

Data Control Codes	10			98	
	General Fund	ESSER II, CRRSA Act Fund	Other Funds	Total Governmental Funds	
ASSETS					
1110	Cash and Temporary Investments	\$ 1,664,542	\$ -	\$ 148,414	\$ 1,812,956
1220	Delinquent Property Taxes Receivable	14,927	-	1,691	16,618
1230	Allowance for Uncollectable Taxes	(2,985)	-	(338)	(3,323)
1240	Due from Other Governments	1,006,112	23,446	15,251	1,044,809
1260	Due from Other Funds	24,746	-	-	24,746
1290	Other Receivables	765	-	-	765
1000	Total Assets	<u>\$ 2,708,107</u>	<u>\$ 23,446</u>	<u>\$ 165,018</u>	<u>\$ 2,896,571</u>
LIABILITIES					
2110	Accounts Payable	\$ 3,670	\$ -	\$ -	\$ 3,670
2160	Accrued Wages Payable	151,470	-	10,396	161,866
2170	Due to Other Funds	-	23,446	1,300	24,746
2200	Accrued Expenditures	3,229	-	636	3,865
2300	Unearned Revenues	-	-	6,908	6,908
2000	Total Liabilities	<u>158,369</u>	<u>23,446</u>	<u>19,240</u>	<u>201,055</u>
DEFERRED INFLOWS OF RESOURCES					
2600	Deferred Inflows Related to Property Taxes	11,942	-	1,353	13,295
FUND BALANCES					
3450	Restricted Grant Funds	-	-	46,691	46,691
3470	Restricted for Capital Acquisition and Construction	-	-	50	50
3480	Restricted for Debt Service	-	-	88,788	88,788
3510	Committed to Construction	500,000	-	-	500,000
3530	Committed to Capital Expenditures for Equipment	125,000	-	-	125,000
3545	Committed to Campus Activities	-	-	8,896	8,896
3600	Unassigned	1,912,796	-	-	1,912,796
3000	Total Fund Balances	<u>2,537,796</u>		<u>144,425</u>	<u>2,682,221</u>
4000	Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,708,107</u>	<u>\$ 23,446</u>	<u>\$ 165,018</u>	<u>\$ 2,896,571</u>

The accompanying notes are an integral part of these financial statements.

Coupland Independent School District Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position August 31, 2022

Exhibit C-2

The amount reported as Total Fund Balance (Exhibit C-1) is different from Total Net Position reported in the government-wide Statement of Net Position (Exhibit A-1) because of the following:

<u>Data Control Codes</u>		
	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 2,682,221
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. Capital assets of \$8,627,326, net of accumulated depreciation of \$841,293, are reported in the government-wide financial statements.	7,786,033
2	Property tax revenue deferred in governmental fund statements is recognized in the period received in government-wide financial statements.	13,295
3	Deferred outflows for pension and other post employment benefits are included in the statement of net position and are not reported in the funds because they are not current financial resources available to pay for current expenditures.	469,288
4	Long-term debt, including premium on issuance of bonds, is not due and payable in the current period and is not reported in the fund financial statements.	(5,802,287)
5	Accrued interest expense is not due and payable in the current period and is not reported as a liability in the governmental funds financial statements.	(7,067)
6	Long-term liabilities related to the TRS pension plan and other post employment benefits are not due and payable in the current period and are not reported in the fund financial statements, but are reported as liabilities in the government-wide financial statements.	(708,619)
7	Deferred inflows for pension and other post employment benefits are included in the statement of net position and are not reported in the funds because they are not current financial resources available to pay for current expenditures.	(607,776)
19	Total Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 3,825,088</u>

The accompanying notes are an integral part of these financial statements.

Coupland Independent School District
Statement of Revenues, Expenditures & Changes in Fund Balances
Governmental Funds
For the Year Ended August 31, 2022

Exhibit C-3

Data Control Codes	10			98	
	General Fund	ESSER II, CRRSA Act Fund	Other Funds	Total Governmental Funds	
REVENUES					
5700	Local and Intermediate Sources	\$ 1,558,990	\$ -	\$ 303,385	\$ 1,862,375
5800	State Program Revenues	1,998,723	-	18,104	2,016,827
5900	Federal Program Revenues	58,425	88,813	403,878	551,116
5020	Total Revenues	3,616,138	88,813	725,367	4,430,318
EXPENDITURES					
Current:					
0011	Instruction	1,588,589	77,108	284,947	1,950,644
0012	Library and Instructional Resources	22,552	-	-	22,552
0013	Curriculum and Staff Development	6,693	-	350	7,043
0023	School Leadership	231,430	-	-	231,430
0031	Guidance and Counseling	14,000	-	-	14,000
0033	Health Services	2,515	-	-	2,515
0034	Student Transportation	125,428	-	2,394	127,822
0035	Food Services	-	-	165,853	165,853
0036	Extracurricular Activities	19,012	-	6,912	25,924
0041	General Administration	120,900	-	-	120,900
0051	Plant Maintenance and Operations	312,258	11,705	64,640	388,603
0052	Security and Monitoring	8,006	-	-	8,006
0053	Data Processing Services	208,691	-	-	208,691
0061	Community Services	13,354	-	-	13,354
Debt Service:					
0071	Principal on Long-term Debt	52,000	-	55,000	107,000
0072	Interest on Long-term Debt	14,186	-	162,825	177,011
0073	Debt Service Fees	-	-	500	500
Capital Outlay:					
0081	Facilities Acquisition and Construction	22,332	-	200,696	223,028
Intergovernmental:					
0093	Payments To Shared Services Arrangements	85,385	-	-	85,385
0099	Other Intergovernmental Charges	8,952	-	-	8,952
6030	Total Expenditures	2,856,283	88,813	944,117	3,889,213
1100	Excess (Deficiency) of Revenues over Expenditures	759,855	-	(218,750)	541,105
1200	Net Change in Fund Balances	759,855	-	(218,750)	541,105
0100	Fund Balances, Beginning	1,777,941	-	363,175	2,141,116
3000	Fund Balances, Ending	\$ 2,537,796	\$ -	\$ 144,425	\$ 2,682,221

The accompanying notes are an integral part of these financial statements.

**Coupland Independent School District
Reconciliation of Statement of Revenues, Expenditures &
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended August 31, 2022**

Exhibit C-4

Net change in fund balances - total governmental funds (from Exhibit C-3) \$ 541,105

Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. These are the amounts by which capital outlays expenditures are adjusted to depreciation expense.

Depreciation expense in the statement of activities (189,858)

Expenditures for equipment capitalized in the government-wide financial statements 373,077

Governmental funds report receivables (net of allowance) as deferred revenues if they are not received in time to be considered expendable to pay current obligations. However, in the statement of activities such items are recognized as revenues.

Increase (decrease) in uncollected property taxes (net of the allowance) 4,935

Governmental funds report issuance of debt and related premiums as other resources and debt payments as expenditures. However, in the statement of activities issued debt is recorded as long-term liabilities and the payment of principal is used to reduce liabilities. Interest expense is accrued in the statement of activities and not in the fund financial statements. Amortization of bond premiums are adjustments of interest paid.

Expenditures for debt principal are used to reduce long-term debt in the government-wide financial statements 107,000

(Increase) decrease in accrued interest expense 24

Amortization of bond premium 38,765

The change in net pension liability and net OPEB liability, and the related deferred outflows and deferred inflows, are reported in the statement of activities but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The net change consists of the following:

Pension-related:

Deferred Outflows Increased (Decreased) 44,161

Deferred Inflows (Increased) Decreased (171,093)

Net Pension Liability (Increased) Decreased 160,584

OPEB-related:

Deferred outflows increased (decreased) 95,424

Deferred inflows (increased) decreased (23,328)

Net OPEB liability (increased) decreased (59,730)

Change in net position of governmental activities (see Exhibit B-1) \$ 921,066

The accompanying notes are an integral part of these financial statements.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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, that has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. Because members of the Board are: elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and, have the primary accountability for fiscal matters; the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are *government-wide* financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include entry fees paid by those attending athletic events, after school care, and school lunch charges. The "operating grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include federal and state grants and contributions from other entities for specific purposes. This column also includes amounts paid by the State of Texas for pension and other postemployment benefits for District employees. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

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

The *fund financial* statements provide reports on the financial condition and results of operations for one fund type – governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District considers the General Fund and the Capital Projects Fund as major funds and reports financial condition and results of operations for those funds in separate columns. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

Government-wide Statements

These 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 the related cash flows. Property taxes are recognized as revenues in the year for which

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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

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

Revenues from local sources consist primarily of property taxes, which are recognized as revenues when collected. Revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. Miscellaneous revenues are recorded as revenue under the susceptible-to-accrual concept when those criteria are met; otherwise, they are recorded as revenue when received in cash. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors require the District to refund all or part of the unused amount. If there are no restrictions on the time required to spend grant funds, and the District expects to spend all funds, grant revenues are considered earned when received.

D. Fund Accounting

The District reports the following major governmental funds:

General Fund. The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always reported as a major fund.

ESSER II, CRRSA Act Fund. The ESSER II, CRRSA Act Fund is used to account for all financial resources received from federal stimulus funds granted to education agencies through the CRRSA Act. The statutory intent and purpose of this act is to provide additional stimulus funding to prevent, prepare for, and respond to the coronavirus.

The District reports the following non-major governmental fund types:

Special Revenue Funds. Special Revenue Funds are used to account for resources restricted to or designated for specific purposes by the grantor. Most federal and some state financial assistance are accounted for in a Special Revenue Fund, and it includes local grants and campus activity funds. Generally, unused balances must be returned to the grantor at the close of specified project periods, but balances in the Food Service Fund and Campus Activity Fund are rolled over until the following year.

Debt Service Fund. The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the Debt Service Fund.

Capital Projects Fund. The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

E. Other Accounting Policies

Property Tax Revenues and Receivables

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and when they are collected.

Allowances for uncollectible tax receivables are based on current probability of payment, collateral values, and historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Tax revenues and receivables are allocated between the General Fund and the Debt Service Fund based on the respective tax rates adopted for each fund.

Inventories

The District records purchases of supplies and commodities as expenditures and does not maintain any significant amount of either on hand. Supplies are used for almost all functions of activity.

Interfund Transactions

During the course of normal operations, it is necessary for the District to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- Reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund.
- Transfers of equity balances and operating transfers from one fund to another fund which are shown as other financing sources or uses in the fund financial statements.
- Temporary loans to provide funding, primarily due to payroll or other expenditures made from one fund and charged to other funds or expenditures from grant funds prior to the receipt of funds from the granting agency.

Reimbursements and loans are reported as “due from other funds” or “due to other funds” until such time as the reimbursement or loan is paid. Interfund balances are expected to be repaid within the next fiscal year. Interfund transactions are eliminated in consolidation for purposes of the government-wide financial statements.

Capital Assets

Capital assets include land, buildings, furniture and equipment, and are reported in the governmental activities column 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. Purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Buildings & improvements	20-50
Vehicles	10
Furniture & equipment	8-20

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Compensated Absences

The State of Texas requires districts to provide each employee five days of personal leave per year with no limit on accumulation. Unused personal leave is transferable to other districts in Texas with the employee but does not vest and is not paid to the employee upon separation. Accordingly, no liability is recorded by the District for unused state personal leave.

The District provides all employees with five local leave days each year. Local leave can accumulate to a maximum of twenty days. Employees have the option of being reimbursed for up to five unused local leave days per year, or up to twenty days upon retirement with certain conditions; reimbursement is made at the current daily rate for a substitute teacher. The accrued amount of the District's liability for local leave is not significant and no liability is recorded by the District for unused local leave.

A small number of employees can accumulate vacation days, but those days are generally taken within the year earned. No liability is accrued for vacation leave because the amounts involved are not material.

Non-monetary Transactions

Food commodities received from the Texas Department of Human Services are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as revenue and expenditures when received.

Textbooks and instructional materials received from the State of Texas are recorded in the Instructional Materials Allotment Fund. The textbooks and materials are valued at a cost value assigned by the State and recorded as revenue and expenditures when received.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period or periods and will be recognized as an outflow of resources (expense or expenditure) during those periods. The District has deferred outflows from pension and other postemployment benefit activities which are applicable to the government-wide financial statements. Contributions by the District for pension and other postemployment benefits that are made in the current fiscal year are deferred until the following year in order to align with the TRS pension and the TRS-Care retiree group health insurance plan years. Deferred outflows also arise out of the pension and benefit plan reporting which are amortized over the weighted average remaining service life of all participants in the respective qualified pension and benefit plan, or, in the case of projected and actual earnings differences on investments, are amortized on a closed basis over a 5-year period.

A deferred inflow of resources represents an acquisition of net assets that applies to a future period or periods and will be recognized as an inflow of resources (revenue) during those periods. The District has two types of items reported as deferred inflows.

Deferred inflows arise from the pension and other postemployment benefit activities which are applicable to the government-wide financial statements. Those deferred inflows are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, or, in the case of projected and actual earnings differences on investments, are amortized on a closed basis over a 5-year period.

Deferred inflows also arise as a result of property taxes, net of the allowance, which are not considered available for expenditures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and are reported only in the governmental funds balance sheet.

Long-term Debt Obligations

The District's long-term debt obligations consist of general obligation building bonds and maintenance tax notes. Long-term debt is reported as liabilities in the government-wide financial statements. Bond premiums and discounts that arise at issuance of the debt are deferred and amortized over the life of the bonds using the effective interest method. Costs of issuance are recognized as expenditures in the year incurred. Bonds payable are reported with the applicable bond premium or net of the applicable discount.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, including those withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the Debt Service Fund. The current requirements for maintenance tax note principal and interest expenditures are accounted for in the General Fund.

TRS Pension Plan

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

In fund financial statements, pensions are recognized and disclosed using the modified accrual basis of accounting and expenditures are recognized for current obligations.

TRS Other Postemployment 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 or 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.

In fund financial statements, other postemployment benefits are recognized and disclosed using the modified accrual basis of accounting and expenditures are recognized for current obligations.

Fund Balances

Fund balance, the difference between assets and liabilities in the governmental fund balance sheets, is reported in the following classifications:

Nonspendable. Amounts that are not in a spendable form, such as inventory or prepaid items, or is required to be maintained intact, such as the principal of a permanent fund.

Restricted. Amounts that are subject to constraints that are either: (1) imposed by law through constitutional provisions or enabling legislation; or (2), externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The restricted fund balances include the Capital Projects Fund, the Food Service Fund and the Debt Service Fund.

Committed. Amounts that can only be used for specific purposes determined by formal approval of the Board. These amounts may not be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it used to commit the amounts. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

The Board has authorized commitments of fund balance for facilities construction and repair, equipment, and student activities. The amounts of those commitments can be established at any time as part of the budget process.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Assigned. Amounts that the District intends to use for a specific purpose and are neither restricted nor committed. The assigned amounts for a specific purpose may be determined by the Board, the Superintendent, or the Chief Financial Officer. The District had no assigned fund balance at the end of fiscal 2021-22.

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

The District's fund balance goal as set by the Board of Trustees for the General Fund is to maintain an unassigned fund balance of not less than three months of the budget adopted or expected to be adopted for the following fiscal year.

Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources and a flow assumption must be made about the order in which the resources are considered to be applied. For the fund financial statements, 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. 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. For the government-wide financial statements, it is the District's policy to consider restricted net position to have been depleted before using unrestricted net position.

Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates

Data Control Codes

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

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

State law requires the Board to adopt budgets at the function level for the General Fund, the Food Service Fund, and the Debt Service Fund, and that the Board approves amendments at that level prior to expenditures exceeding the budget. The District had no expenditures exceeding budget at the function level in those funds.

The District was substantially in compliance with all finance-related legal or contractual provisions and there were no funds with a deficit fund balance or deficit fund net position.

**Coupland Independent School District
Notes to the Financial Statements
For the Year Ended August 31, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and temporary investments at August 31, 2022, were as follows:

	Governmental Funds		
	General Fund	Other Funds	Total
Cash in Bank	\$ 586,434	\$ 148,403	\$ 734,837
Investment Pools:			
Lone Star Government Overnight Fund	1,078,108	11	1,078,119
	<u>\$ 1,664,542</u>	<u>\$ 148,414</u>	<u>\$ 1,812,956</u>

Cash in bank consists of interest-bearing checking accounts and money market accounts subject to immediate withdrawal. Lone Star Investment Pool funds are available to the District within one day.

Bank Depository Accounts

The funds of the District must by state law be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law, Texas Education Code, Chapter 45, Subchapter G. The funds must be secured by pledged securities or a surety bond. Pledged securities must meet the requirements of the law, must have a market value of at least the amount of funds secured, less any applicable Federal Deposit Insurance Corporation insurance, and must be held in safekeeping by an independent trustee showing the District as pledgee. The surety bond agreement must be in a form required by state law in an amount equal to or greater than the amount of funds secured, less any applicable Federal Deposit Insurance Corporation insurance, and must be payable to the District and signed by the depository bank and by a surety company authorized to do business in Texas.

At August 31, 2022, the carrying amount of the District's deposits (cash and interest-bearing accounts) was \$734,837, and the bank balance was \$835,849. Available FDIC insurance was \$338,694, and the market value of pledged collateral was \$1,676,696. The District's cash deposits as of and during the year ended August 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Citizens National Bank, Coupland, Texas, is the District's depository bank.

Investments

The *Public Funds Investment Act* (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, the State of Texas, and certain other political entities; (2) certificates of deposit; (3) fully collateralized repurchase agreements; (4) a fully collateralized securities lending program; (5) bankers acceptances; (6) commercial paper with a stated maturity less than 270 days; (7) certain types of no-load money market mutual funds; (8) certain types of no-load mutual funds; (9) guaranteed investment contracts; and, (10) investment pools. Local policy further limits investments management can make without board approval to maturities of one year or less. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act.

Generally accepted accounting principles requires investments to be presented at fair value, with an exception for investment pools, and it establishes a value hierarchy within which entities must categorize its fair value measurements. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and, Level 3 inputs are significant unobservable inputs.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Investments held by investment pools that meet certain criteria may be measured at amortized cost, and investments in that pool are measured at the net asset value per share determined by the pool as provided by generally accepted accounting principles. The District's investments are in investment pools and are measured at amortized cost and are not required to be categorized in the fair value hierarchy.

Public Funds Investment Pools

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

The Lone Star investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Lone Star has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Lone Star investment pool carries a Standard & Poor's rating of AAAM.

Analysis of Specific Deposit and Investment Risks

Deposits and investments are subject to various risks.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The District was not exposed to custodial credit risk at August 31, 2022, as disclosed above, because collateral pledged for District deposits were sufficient to cover bank balances. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Investments are subject to the following risks:

Credit Risk. Credit risk is the risk that an issuer or other counterparty to a deposit or investment will not fulfill its obligations. Credit risk can be associated with the issuer of a security, with a financial institution holding deposits, or with the custodian of securities or collateral. At year end, the District's was not exposed to significant credit risk because investments were limited to the Lone Star investment pool, which carries a credit rating of AAAM, and is considered secure. State law limits investments of local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

Market Risk. Market risk is the risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline. Market risk is affected by the length to maturity of a security, the need to liquidate a security before maturity, the extent that collateral exceeds the amount invested, and the frequency with which the amount of collateral is adjusted for changes in market values. At year end, the District's was not exposed to significant market risk because investments were limited to the Lone Star investment pool and underlying securities in the Lone Star investment pool have a short maturity and limited exposure to market risk. At August 31, 2022, the Lone Star investment pool overnight fund had a weighted average maturity of 6 days.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The District has no exposure to interest rate risks in the Lone Star investment pool overnight fund due to the short average maturity of underlying investments.

NOTE 4 – RECEIVABLE AND PAYABLE BALANCES

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. The following information is to provide a further understanding of the balances.

Property Taxes

Property taxes are collected by the Williamson and the Travis County Tax Assessor Collectors. Based on historical activity and management’s evaluation of current balances, approximately 40% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

Due from/to Other Governments

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

	General Fund	Special Revenue Funds	Debt Service Fund
Due from Other Governments:			
State Funding Due from TEA	\$ 1,005,245	\$ -	\$ -
State and Federal Grants Due from TEA	-	15,118	-
Property Taxes Due from Williamson County	867	-	133
	<u>\$ 1,006,112</u>	<u>\$ 15,118</u>	<u>\$ 133</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances represent short-term borrowings between funds. For the year ending August 31, 2022, there were interfund balances outstanding related to temporary loans from the General Fund to Special Revenue Funds to provide funding for expenditures prior to the receipt of funds from the Texas Education Agency.

NOTE 6 – CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Removals & Transfers	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 296,698	\$ -	\$ -	\$ 296,698
Construction in Process	587,762	118,873	(706,635)	-
Total Capital Assets Not Being Depreciated	<u>884,460</u>	<u>118,873</u>	<u>(706,635)</u>	<u>296,698</u>
Capital Assets Being Depreciated				
Buildings & Improvements	6,795,175	94,448	698,554	7,588,177
Furniture & Equipment	582,695	159,756	-	742,451
Total Capital Assets Being Depreciated	<u>7,377,870</u>	<u>254,204</u>	<u>698,554</u>	<u>8,330,628</u>
Less Accumulated Depreciation:				
Buildings & Improvements	(438,652)	(145,414)	8,081	(575,985)
Furniture & Equipment	(220,864)	(44,444)	-	(265,308)
Total Accumulated Depreciation	<u>(659,516)</u>	<u>(189,858)</u>	<u>8,081</u>	<u>(841,293)</u>
Total Capital Assets Being Depreciated, Net	<u>6,718,354</u>	<u>64,346</u>	<u>706,635</u>	<u>7,489,335</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,602,814</u>	<u>\$ 183,219</u>	<u>\$ -</u>	<u>\$ 7,786,033</u>

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$	115,036
12	Library and Instructional Resources		9,239
23	School Leadership		6,478
34	Student Transportation		19,399
35	Food Services		8,066
36	Extracurricular Activities		12,955
41	General Administration		7,662
51	Plant Maintenance and Operations		504
52	Security and Monitoring		10,519
		\$	<u>189,858</u>

NOTE 7 – LONG-TERM DEBT

Long-term debt obligations and changes in long-term debt obligations for the year ended August 31, 2022, were as follows:

Description	Interest Rate	Amount of Original Issue	Beginning Balance	Issued, Additions	Retired, Decreases	Ending Balance	Due Within One Year
Governmental Activities							
U/L Tax School Building Bonds, Series 2020	1.0 to 4.0%	\$ 4,550,000	\$ 4,550,000	\$ -	\$ 55,000	\$ 4,495,000	\$ 60,000
Maintenance Tax Note	1.73%	879,000	820,000	-	52,000	768,000	53,000
Premium on Bonds Payable		632,963	578,052	-	38,765	539,287	
Total Long-term Debt			<u>\$ 5,948,052</u>	<u>\$ -</u>	<u>\$ 145,765</u>	<u>\$ 5,802,287</u>	<u>\$ 113,000</u>

The Unlimited Tax School Building Bonds, Series 2020, are general obligation bonds issued February 25, 2020, for the purpose of funding facility construction and equipping school facilities. It is a direct obligation of the District, secured by a pledge of the full faith and credit of the District, and a pledge of property tax revenues sufficient to pay debt obligations. It is paid for entirely through the Debt Service Fund. The Maintenance Tax Note was issued October 8, 2020, for the purpose of funding major renovations to buildings. It is serviced through the General Fund and is secured by a pledge of maintenance and operations taxes

The required payments to maturity for bonds and maintenance tax notes are as follows:

Years Ending August 31,	U/L Tax School Bonds			Maintenance Tax Note		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 60,000	\$ 162,250	\$ 222,250	\$ 53,000	\$ 13,286	\$ 66,370
2024	65,000	160,650	225,650	54,000	12,370	66,435
2025	70,000	157,950	227,950	55,000	11,435	66,484
2026	75,000	155,050	230,050	56,000	10,484	66,484
2027	80,000	151,950	231,950	57,000	9,515	66,515
2028-2032	515,000	707,700	1,222,700	300,000	32,438	332,438
2033-2037	700,000	615,150	1,315,150	193,000	6,730	199,730
2038-2042	905,000	491,225	1,396,225			
2043-2047	1,170,000	293,000	1,463,000			
2048-2050	855,000	52,500	907,500			
Totals	<u>\$ 4,495,000</u>	<u>\$ 2,947,425</u>	<u>\$ 7,442,425</u>	<u>\$ 768,000</u>	<u>\$ 96,258</u>	<u>\$ 864,456</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

A. 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) and is established and

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

D. Contributions

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

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

	<u>2021</u>	<u>2022</u>
Member (Employee)	7.7%	8.0%
District (Employer)	7.5%	7.75%
District (Employer) Surcharge	1.5%	1.7%
Non-Employer Contributing Entity (State)	7.5%	7.75%

Contribution amounts for the fiscal year ending August 31, 2022, were as follows:

Member Contributions (Employee)	\$155,831
District Contributions (Employer)	\$66,465
NECE On-behalf Contributions (State)	\$116,820

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Public schools as employers 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 source, a privately sponsored source, from non-educational and general, or local funds; and,

There are two additional surcharges an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025; and,
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the TRS's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted in July 2018.

The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The long-term expected rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS's target asset allocation as of August 31, 2021 are summarized in the 2021 TRS ACFR, Note 3.

The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.25%

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Long-term Expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95% Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last Year Ending August 31 in the Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Post-employment Benefit Changes	None

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

F. Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

<u>Asset Class</u>	<u>Target Allocation¹</u>	<u>Long-term Expected Geometric Real Rate of Return²</u>	<u>Expected Contribution to Long-term Portfolio Returns</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Global Equity			
USA	18.0	3.6	0.94
Non-U.S. Developed	13.0	4.4	0.83
Emerging Markets	9.0	4.6	0.74
Private Equity	14.0	6.3	1.36
Stable Value			
Government Bonds	16.0	(0.2)	(0.01)
Absolute Return (Including Credit Sensitive Investments)	-	1.1	-
Stable Value Hedge Funds	5.0	2.2	0.12
Real Return			
Real Estate	15.0	4.5	1.00
Energy, Natural Resources and Infrastructure	6.0	4.7	0.35
Commodities	-	1.7	-
Risk Parity			
Risk Parity	8.0	2.8	0.28
Asset Allocation Leverage			
Cash	2.0	(0.7)	(0.01)
Asset Allocation Leverage	(6.0)	(0.5)	0.03
Inflation Expectation			2.20
Volatility Drag ³			(0.95)
Expected Return	100.0		6.90

¹ Target allocations are based on the FY 2020 policy model.

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/21).

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

G. Discount Rate Sensitivity Analysis

The following shows the impact on the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the 7.25% discount rate that was used in measuring the Net Pension Liability:

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
District's proportionate share of the net pension liability:	\$459,018	\$210,062	\$8,082

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

At August 31, 2022, the District reported a liability of \$210,062 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	\$	210,062
State's proportionate share that is associated with the District		448,246
Total	<u>\$</u>	<u>658,308</u>

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0008249%, which was an increase of 0.0001328% from its proportion measured as of August 31, 2020.

Changes since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense (credit) of (\$31,860) and revenue of \$1,792 for support provided by the State. The pension expense reported by the District will be a credit, or negative expense, depending on various factors, such as when the actuarial liability decreases.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ 352	\$ 14,789
Changes in actuarial assumptions	74,253	32,368
Differences between projected and actual investment earnings	-	176,133
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	75,138	22,711
District contributions paid subsequent to the measurement date	66,465	-
Total	<u>\$ 216,208</u>	<u>\$ 246,001</u>

The \$66,465 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

August 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31,</u>	<u>Pension Expense Amount</u>
2023	\$ (11,511)
2024	(13,780)
2025	(32,546)
2026	(47,908)
2027	6,856
Thereafter	2,631

NOTE 9 – DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

A. 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 Postemployment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

B. OPEB Plan Fiduciary Net Position

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

C. Benefits Provided

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

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

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

	Medicare	Non-Medicare
Retiree or surviving spouse	\$135	\$200
Retiree and Spouse	529	689
Retiree or Surviving Spouse, and Children	468	408
Retiree and Family	1,020	999

D. 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

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

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 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

	<u>2021</u>	<u>2022</u>
District Active Employee	0.65%	0.65%
District (Employer)	0.75%	0.75%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Federal/Private Funding Remitted by the District	1.25%	1.25%

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.

Contribution amounts for the fiscal year ending August 31, 2022, were as follows:

Member (Employee)	\$12,661
District (Employer)	16,725
Non-Employer Contributing Entity (State)	21,474

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers

E. Actuarial Assumptions

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020, TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

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

Additional actuarial methods and assumptions are as follows:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on Plan Specific Experience

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad hoc Post-employment Benefit Changes	None

F. Discount Rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease 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.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

G. Sensitivity of the Net OPEB Liability

Discount Rate

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

	<u>1% Decrease in</u> <u>Discount Rate</u> <u>(0.95%)</u>	<u>Discount Rate</u> <u>(1.95%)</u>	<u>1% Increase in</u> <u>Discount Rate</u> <u>(2.95%)</u>
District’s Proportionate Share of the Net OPEB Liability	\$601,375	\$498,557	\$417,636

Healthcare Cost Trend Rates

The following presents the net OPEB liability of the plan 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 1% lower or 1% higher than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1% Increase</u>
District’s Proportionate Share of the Net OPEB Liability	\$403,815	\$498,557	\$625,678

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

At August 31, 2022, the District reported a liability of \$498,557 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s Proportionate share of the collective net OPEB liability	\$ 498,557
State’s proportionate share that is associated with the District	<u>667,956</u>
Total	<u>\$ 1,166,513</u>

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

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

At August 31, 2021, the employer's proportion of the collective Net OPEB Liability was 0.0012925% which was an increase of 0.0001381% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

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

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

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2022, the District recognized OPEB expense (credit) of (\$37,020) and revenue (charge) of (\$24,654) for support provided by the State. Credits to expense (negative expense) and charges to revenues (negative revenue) result from decreases to the projected actuarial liabilities.

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 OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual economic experience	\$ 21,465	\$ 241,337
Changes in actuarial assumptions	55,221	105,436
Differences between projected and actual investment earnings	541	-
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	159,128	15,002
District contributions paid subsequent to the measurement date	16,725	-
Total	<u>\$ 253,080</u>	<u>\$ 361,775</u>

The \$16,725 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended August 31,</u>	<u>OPEB Expense Amount</u>
2023	\$ (29,427)
2024	(29,439)
2025	(29,436)
2026	(16,312)
2027	1,455
Thereafter	(22,261)

NOTE 10 – FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2022, 2021, and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$5,625, \$5,744, and \$4,771, respectively. The Texas Legislature in 2019 directed the transfers of funds to pay certain retiree benefit costs of TRS-Care. The District's proportionate share of the benefit of these transfers was \$12,934 for the year ended August 31, 2020. These payments are recorded as equal revenues and expenditures in the financial statements of the District.

**Coupland Independent School District
Notes to the Financial Statements
For the Year Ended August 31, 2022**

NOTE 11 – REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

Revenue	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes, Penalties & Interest	\$ 1,512,996	\$ -	\$ 232,500	\$ -	\$ 1,745,496
Interest Income	17,585	389	955	750	19,679
After School Care	24,215	-	-	-	24,215
Food Sales	-	60,517	-	-	60,517
Extracurricular Activities	120	8,274	-	-	8,394
Other	4,074	-	-	-	4,074
Total	\$ 1,558,990	\$ 69,180	\$ 233,455	\$ 750	\$ 1,862,375

NOTE 12 – JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

East Williamson County Special Services Cooperative

The District participates in the East Williamson County Special Services Cooperative, a shared services arrangement for special education resource services. This shared service arrangement includes four participating independent school districts. Taylor ISD is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the East Williamson County Special Services Cooperative. Approximately 2% of the activity of the shared service arrangement is attributable to the District. The District has a joint ownership interest in fixed assets purchased and the net equity of the East Williamson County Special Services Cooperative; however, the fiscal agent is not accumulating significant financial resources or obligations that would give rise to a future additional benefit or burden to the District, and member districts cannot receive any distribution of fund balances except in the event of dissolution. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources; the District’s share of reimbursements for the year ended August 31, 2022, was \$85,385.

NOTE 13 – HEALTH CARE COVERAGE

During the year ended August 31, 2022, employees of the District were covered by TRS-ActiveCare. TRS-ActiveCare is a statewide health care benefits program for employees of school districts, charter schools, regional education service centers, and other educational districts. The program was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The District paid premiums of \$400 per month per eligible employee participating in the health insurance program. Each employee paid the balance of their premium due, and, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums are paid to the TRS. Latest financial statements for TRS-ActiveCare are available for the year ended August 31, 2021, and are available on the TRS website.

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. To provide protection against risk of loss, during the year ended August 31, 2022, the District participated in the TASB Risk Management Fund’s Property Casualty Program, with coverage in auto liability and physical damage, property, general liability, crime and liability for misconduct, and in the TASB Unemployment Compensation Program. These programs were created and are operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the District’s use of the TASB Risk Management Fund for insurance coverage is authorized by various statutes of the State of Texas. Participating members execute Interlocal Agreements that define the responsibilities of the parties.

The TASB Risk Management Fund purchases stop-loss coverage for protection against catastrophic claims. The TASB Fund uses the services of independent actuaries to determine the adequacy of reserves and fully funds those

Coupland Independent School District

Notes to the Financial Statements

For the Year Ended August 31, 2022

reserves. For the year ended August 31, 2022, the TASB Fund anticipates the District has no additional liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The TASB Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The Fund's audited financial statements as of August 31, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Worker compensation coverage is provided through the Deep East Texas Self Insurance Fund ("DETSIF"). DETSIF reinsures to statutory limits through commercial companies for claims in excess of \$1,000,000. DETSIF contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The members of Deep East Texas Self Insurance Fund have no known premium liabilities for workers' compensation coverage excess of their contracted annual premium. However, if the assets of DETSIF were to be exhausted, members would be liable for their portion of the DETSIF's liabilities. Independent auditors conduct a financial audit at the close of each plan year and as of the most recent audit, DETSIF had adequate assets to cover more than 100% of all liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past fiscal years.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

State and Federal Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Any disallowed claims resulting from such audits could become a liability of the General Fund. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Litigation

From time to time the District is involved in legal proceedings relating to its operations as a school district. In the opinion of management, there are currently no legal matters that would result in any financial impact.

NOTE 16 – SUBSEQUENT EVENTS

Order Calling Bond Election

On August 15, 2022, the Board of Trustees of the District passed an order calling for a bond election to be held November 8, 2022, and will be for voters to authorize the issuance of \$56,000,000 in general obligation bonds for the purpose of constructing, acquiring, renovating and equipping school facilities and purchasing necessary sites for school buildings. If passed, the District will issue bonds to fund construction of a new middle school. The bonds will be paid for by a levy of property taxes.

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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.

Coupland Independent School District
Budgetary Comparison Schedule - General Fund
For the Year Ended August 31, 2022

Exhibit G-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local & Intermediate Sources	\$ 1,598,443	\$ 1,559,343	\$ 1,558,990	\$ (353)
5800	State Program Revenues	1,367,632	1,861,632	1,998,723	137,091
5900	Federal Program Revenues	12,141	58,491	58,425	(66)
5020	Total Revenues	2,978,216	3,479,466	3,616,138	136,672
EXPENDITURES					
Current:					
0011	Instruction	1,513,104	1,716,054	1,588,589	127,465
0012	Library and Instructional Resources	23,521	25,521	22,552	2,969
0013	Curriculum and Staff Development	9,150	19,150	6,693	12,457
0023	School Leadership	290,488	320,488	231,430	89,058
0031	Guidance and Counseling	14,000	14,000	14,000	-
0033	Health Services	2,560	12,560	2,515	10,045
0034	Student Transportation	168,223	208,223	125,428	82,795
0036	Extracurricular Activities	23,284	28,284	19,012	9,272
0041	General Administration	119,449	139,449	120,900	18,549
0051	Plant Maintenance and Operations	404,514	519,154	312,258	206,896
0052	Security & Monitoring Services	18,500	38,500	8,006	30,494
0053	Data Processing Services	200,701	260,701	208,691	52,010
0061	Community Services	19,186	24,186	13,354	10,832
Debt Service:					
0071	Principal on Long-term Debt	52,000	52,000	52,000	-
0072	Interest on Long-term Debt	14,186	14,186	14,186	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	381,587	381,587	22,332	359,255
Intergovernmental:					
0093	Payments Related To Shared Services Arrangements	85,350	85,400	85,385	15
0099	Other Intergovernmental Charges	10,000	10,000	8,952	1,048
6030	Total Expenditures	3,349,803	3,869,443	2,856,283	1,013,160
1100	Excess (Deficiency) of Revenues over Expenditures	(371,587)	(389,977)	759,855	1,149,832
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out	(10,000)	(10,000)	-	10,000
7080	Total Other Financing Sources (Uses)	(10,000)	(10,000)	-	10,000
1200	Net Change in Fund Balance	(381,587)	(399,977)	759,855	1,159,832
0100	Fund Balance, Beginning	2,141,116	2,141,116	1,777,941	(363,175)
3000	Fund Balance, Ending	\$ 1,759,529	\$ 1,741,139	\$ 2,537,796	\$ 796,657

The accompanying notes to required supplemental information are an integral part of these financial schedules.

**Coupland Independent School District
Schedule of the District's Proportionate Share of the Net Pension
Liability of a Cost-Sharing Multiple-Employer Pension Plan –
Teacher Retirement System of Texas
For the Years Ending August 31**

Exhibit G-2

Year	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2015	0.000335%	\$ 89,430	\$ 422,005	\$ 511,435	\$ 706,557	12.66%	83.25%
2016	0.000617%	218,172	504,851	723,023	740,285	29.47%	78.43%
2017	0.000596%	225,084	550,447	775,531	791,581	28.43%	78.00%
2018	0.000656%	209,609	481,704	691,313	865,482	24.22%	82.17%
2019	0.000748%	411,926	890,767	1,302,693	995,977	41.36%	73.74%
2020	0.000768%	399,454	863,048	1,262,502	1,055,294	37.85%	75.24%
2021	0.000692%	370,646	941,613	1,312,259	1,108,185	33.45%	75.54%
2022	0.000825%	210,062	448,246	658,308	1,230,791	17.07%	88.79%

The amounts presented are determined as of the Plan's fiscal year ending August 31st of the prior year.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

The accompanying notes to required supplemental information are an integral part of these financial schedules.

**Coupland Independent School District
Schedule of District Contributions to the Teacher Retirement
System of Texas Pension Plan
For the Years Ending August 31**

Exhibit G-3

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 6,563	\$ 6,563	\$ -	\$ 836,954	0.78%
2014	8,265	8,265	-	706,557	1.17%
2015	18,274	18,274	-	740,285	2.47%
2016	18,925	18,925	-	824,609	2.30%
2017	20,988	20,988	-	865,482	2.43%
2018	25,211	25,211	-	995,977	2.53%
2019	26,640	26,640	-	1,055,294	2.52%
2020	25,383	25,383	-	1,108,185	2.29%
2021	35,201	35,201	-	1,230,791	2.86%
2022	66,465	66,465	-	1,947,883	3.41%

The amounts are presented for the District's fiscal year ending August 31.

The accompanying notes to required supplemental information are an integral part of these financial schedules.

**Coupland Independent School District
Schedule of District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan - Texas
Public School Retired Employees Group Insurance Program
For the Years Ending August 31**

Exhibit G-4

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	0.000951%	\$ 413,449	\$ 704,732	\$ 1,118,181	\$ 865,482	47.77%	0.91%
2019	0.001144%	571,067	872,425	1,443,492	995,977	57.34%	1.57%
2020	0.001185%	560,385	744,628	1,305,013	1,055,294	53.10%	2.66%
2021	0.001154%	438,827	589,679	1,028,506	1,108,185	39.60%	4.99%
2022	0.001293%	498,557	667,956	1,166,513	1,230,791	40.51%	6.18%

The amounts presented are determined as of the Plan's fiscal year ending August 31st of the prior year.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

The accompanying notes to required supplemental information are an integral part of these financial schedules.

**Coupland Independent School District
Schedule of District Contributions to the Texas Public School
Retired Employees Group Insurance Program
For the Years Ending August 31**

Exhibit G-5

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 4,707	\$ 4,707	\$ -	\$ 836,954	0.56%
2014	4,033	4,033	-	706,557	0.57%
2015	4,307	4,307	-	740,285	0.58%
2016	4,547	4,547	-	824,609	0.55%
2017	4,943	4,943	-	865,482	0.57%
2018	7,890	7,890	-	995,977	0.79%
2019	8,410	8,410	-	1,055,294	0.80%
2020	8,774	8,774	-	1,108,185	0.79%
2021	8,000	8,000	-	1,230,791	0.65%
2022	16,725	16,725	-	1,947,883	0.86%

The amounts are presented for the District's fiscal year ending August 31.

The accompanying notes to required supplemental information are an integral part of these financial schedules.

Coupland Independent School District

Notes to Required Supplemental Information

For the Year Ended August 31, 2022

NOTE 1 – BUDGETARY DATA, EXHIBIT G-1

The Board of Trustees adopts an appropriated budget for the General Fund, the Food Service Fund, which is included in Special Revenue Funds, and the Debt Service Fund. These budgets are prepared using the same method of accounting as required for financial reporting, as required by law. Special Revenue Funds other than the Food Service Fund, which are primarily federal grant programs, utilize a budget developed at the administration level, subject to federal and state grant compliance requirements and approval by the grantor.

The District is required by law to present the adopted and final amended budgeted revenues and expenditures for each of these three funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget schedule appears in Exhibit G-1, the Food Service Fund budget schedule appears in Exhibit J-2, and the Debt Service Fund budget schedule is in Exhibit J-3.

These procedures are followed in adopting these budgets:

- On or before August 20th, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the revenues and other means of financing them.
- A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
- Prior to September 1, the budget is legally adopted through passage of a resolution by the Board.
- Once a budget is approved, it can only be amended at the function and fund level by approval of the Board. Amendments are presented to the Board at its meetings. As required by law, such amendments are made before the budget is exceeded at the function level, are reflected in the official minutes of the Board, and are not made after fiscal year end.
- Unexpended appropriations lapse at year-end.
- Deficit fund balances are prohibited by state law.

Budgets amendments are necessary to meet unforeseen needs throughout the year. Amendments within a function do not require Board approval, but the Board must approve each amendment to a function level.

NOTE 2 – PENSION AND OPEB PLANS, EXHIBITS G-2 THROUGH G-5

Current actuarial methods and assumptions used for funding purposes can be found in the Notes 8 and 9 to the basic financial statements. Previously reported changes in actuarial methods and assumptions follows.

Historical contribution rates for employees, the District and the state are available on the TRS website.

Changes in Discount Rates and Expected Rates of Return

Fiscal Year	Pension and OPEB		Net Pension Liability		Net OPEB Liability
	Inflation (%)	Salary Increase (%)	Discount Rate (%)	Long-term Expected Rate of Return (%)	Discount Rate (%)
2015	3	4.25 - 7.25	8.00	8.00	
2016	2.5	3.5 - 9.5	8.00	8.00	Pre-GASB 75
2017	2.5	3.5 - 9.5	8.00	8.00	
2018	2.5	3.5 - 9.5	8.00	8.00	3.42
2019	2.3	3.05 - 9.05	6.907	7.25	3.69
2020	2.3	3.05 - 9.05	7.25	7.25	2.63
2021	2.3	3.05 - 9.05	7.25	7.25	2.33
2022	2.3	3.05 - 9.05	7.25	7.25	1.95

Other Changes Affecting the Net Pension Liability

Changes in 2019-20

- With the enactment of SB 3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected in the actuarial assumptions.

Coupland Independent School District

Notes to Required Supplemental Information

For the Year Ended August 31, 2022

- The Texas legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018 received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Changes in 2015-16

- Post-retirement mortality tables for retirees were updated to reflect recent TRS member experience. Future mortality rates will be assumed to continue to improve using a fully generational approach and Scale BB.
- Pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table. Future mortality rates will be assumed to continue to improve using a fully generational approach and Scale BB.

Other Changes Affecting the Net OPEB Liability

Changes in 2020-21

- The participation rate for pre-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption was lowered from 4.50% to 4.25% resulting from the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Changes in 2019-20

- The health care trend rates were reset to better reflect the plan's anticipated experience.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25 % of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%, and the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

Changes in 2018-19

- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- The 85th Legislature, Regular Session, passed statutory changes to benefits effective on September 1, 2017. The changes: created a high-deductible health plan providing a zero cost for generic prescriptions for certain preventive drugs and providing a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017, and not eligible to enroll in Medicare; created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants; allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare; allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period; and, eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

Changes in 2017-18

Significant plan changes were adopted for the plan year ending August 31, 2017.

- Effective January 1, 2018, one health plan option was offered versus three, and retirees were required to contribute monthly premiums.
- Removed the assumption that savings Medicare Part D reimbursements savings would phase out by 2022.

Supplementary Information

Supplementary information includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It does include information required by TEA.

**Coupland Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2022**

Data Control Codes	211 ESEA Title I, Part A - Basic	240 Food Service Program	255 ESEA Title II, Part A	263 Title III, Eng Lang Acq	269 ESEA, Title V, Subpart 1, SRSA	279 TCLAS, ARP Act
ASSETS						
1110 Cash and Temporary Investments	\$ -	\$ 50,813	\$ -	\$ -	\$ -	\$ -
1220 Delinquent Property Taxes Receivable	-	-	-	-	-	-
1230 Allowance for Uncollectable Taxes	-	-	-	-	-	-
1240 Due from Other Governments	3,608	8,741	501	-	-	-
1000 Total Assets	<u>\$ 3,608</u>	<u>\$ 59,554</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
2160 Accrued Wages Payable	\$ 3,245	\$ 5,829	\$ 451	\$ -	\$ -	\$ -
2170 Due to Other Funds	-	-	-	-	-	-
2200 Accrued Expenditures	363	126	50	-	-	-
2300 Unearned Revenues	-	6,908	-	-	-	-
2000 Total Liabilities	<u>3,608</u>	<u>12,863</u>	<u>501</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
2600 Deferred Inflows Related to Property Taxes	-	-	-	-	-	-
FUND BALANCES						
3450 Restricted Grant Funds	-	46,691	-	-	-	-
3470 Restricted for Capital Acquisition and Construction	-	-	-	-	-	-
3480 Restricted Debt Service	-	-	-	-	-	-
3545 Committed to Campus Activities	-	-	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>46,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,608</u>	<u>\$ 59,554</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit H-1

282	289	410	429	461	Total	599	699	Total
ESSER III, ARP	Other	Instructional	Other State	Campus	Special	Debt Service	Capital	Nonmajor
Act	Federal	Materials	Programs	Activity	Revenue	Fund	Projects	Governmental
	Grant	Allotment		Funds	Funds		Fund	Funds
\$ -	\$ -	\$ -	\$ -	\$ 8,896	\$ 59,709	\$ 88,655	\$ 50	\$ 148,414
-	-	-	-	-	-	1,691	-	1,691
-	-	-	-	-	-	(338)	-	(338)
-	2,268	-	-	-	15,118	133	-	15,251
<u>\$ -</u>	<u>\$ 2,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,896</u>	<u>\$ 74,827</u>	<u>\$ 90,141</u>	<u>\$ 50</u>	<u>\$ 165,018</u>
\$ -	\$ 871	\$ -	\$ -	\$ -	\$ 10,396	\$ -	\$ -	\$ 10,396
-	1,300	-	-	-	1,300	-	-	1,300
-	97	-	-	-	636	-	-	636
-	-	-	-	-	6,908	-	-	6,908
-	2,268	-	-	-	19,240	-	-	19,240
-	-	-	-	-	-	1,353	-	1,353
-	-	-	-	-	46,691	-	-	46,691
-	-	-	-	-	-	-	50	50
-	-	-	-	-	-	88,788	-	88,788
-	-	-	-	8,896	8,896	-	-	8,896
-	-	-	-	8,896	55,587	88,788	50	144,425
<u>\$ -</u>	<u>\$ 2,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,896</u>	<u>\$ 74,827</u>	<u>\$ 90,141</u>	<u>\$ 50</u>	<u>\$ 165,018</u>

Coupland Independent School District
Combining Statement of Revenues, Expenditures & Changes in
Fund Balances
For the Year Ended August 31, 2022

Data Control Codes	211 ESEA Title I, Part A - Basic	240 Food Service Program	255 ESEA Title II, Part A	263 Title III, English Language Acquisition	269 ESEA, Title V, Subpart 1, SRSA	279 TCLAS, ARP Act
REVENUES						
5700 Local and Intermediate Sources	\$ -	\$ 60,852	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	5,321	-	-	-	-
5900 Federal Program Revenues	35,784	128,970	4,198	500	17,096	1,305
5020 Total Revenues	35,784	195,143	4,198	500	17,096	1,305
EXPENDITURES						
Current:						
0011 Instruction	35,784	-	4,198	500	17,096	1,305
0013 Curriculum and Staff Development	-	-	-	-	-	-
0034 Student Transportation	-	-	-	-	-	-
0035 Food Services	-	165,853	-	-	-	-
0036 Extracurricular Activities	-	-	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-	-	-
Debt Service:						
0071 Principal on Long-term Debt	-	-	-	-	-	-
0072 Interest On Long-Term Debt	-	-	-	-	-	-
0073 Debt Service Fees	-	-	-	-	-	-
Capital Outlay:						
0081 Facilities Acquisition and Construction	-	-	-	-	-	-
6030 Total Expenditures	35,784	165,853	4,198	500	17,096	1,305
Excess (Deficiency) of Revenues Over						
1100 Expenditures	-	29,290	-	-	-	-
1200 Net Change in Fund Balances	-	29,290	-	-	-	-
0100 Fund Balances, Beginning	-	17,401	-	-	-	-
3000 Fund Balances, Ending	\$ -	\$ 46,691	\$ -	\$ -	\$ -	\$ -

282	289	410	429	461	Total	599	699	Total
ESSER III, ARP Act	Other Federal Grant Funds	Instructional Materials Allotment	Other State Programs	Campus Activity Funds	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 8,328	\$ 69,180	\$ 233,455	\$ 750	\$ 303,385
-	-	12,433	350	-	18,104	-	-	18,104
204,568	11,457	-	-	-	403,878	-	-	403,878
204,568	11,457	12,433	350	8,328	491,162	233,455	750	725,367
202,174	11,457	12,433	-	-	284,947	-	-	284,947
-	-	-	350	-	350	-	-	350
2,394	-	-	-	-	2,394	-	-	2,394
-	-	-	-	-	165,853	-	-	165,853
-	-	-	-	6,912	6,912	-	-	6,912
-	-	-	-	-	-	-	64,640	64,640
-	-	-	-	-	-	55,000	-	55,000
-	-	-	-	-	-	162,825	-	162,825
-	-	-	-	-	-	500	-	500
-	-	-	-	-	-	-	200,696	200,696
204,568	11,457	12,433	350	6,912	460,456	218,325	265,336	944,117
-	-	-	-	1,416	30,706	15,130	(264,586)	(218,750)
-	-	-	-	1,416	30,706	15,130	(264,586)	(218,750)
-	-	-	-	7,480	24,881	73,658	264,636	363,175
\$ -	\$ -	\$ -	\$ -	\$ 8,896	\$ 55,587	\$ 88,788	\$ 50	\$ 144,425

**Coupland Independent School District
Schedule of Delinquent Taxes Receivable
For the Year Ended August 31, 2022**

Exhibit J-1

Fiscal Year Ended August 31,	1 Tax Rate		3 Assessed / Appraised Value for School Tax Purposes	10 Beginnin g Balance 9/1/21	20 Current Year's Total Levy	31 Total Collections		40 Entire Year's Adjustment s	50 Ending Balance 8/31/22
	M & O	2 Debt Service				M & O	32 Debt Service		
2013 & prior	Various		Various	\$ 1,550		\$ -	\$ -	\$ (699)	\$ 851
2014	\$ 1.04005		\$ 57,114,562	541		-	-	(54)	487
2015	1.04005		60,442,190	622		-	-	(136)	486
2016	1.04005		59,956,156	578		24	-	(118)	436
2017	1.04005		64,068,074	527		24	-	(54)	449
2018	1.04005		69,745,685	461		79	-	-	382
2019	1.04005		82,921,879	928		159	-	(214)	555
2020	0.97000		95,719,484	973		79	-	(196)	698
2021	0.92170	\$ 0.23226	107,174,877	4,270		2,498	629	(309)	834
2022	0.87200	0.133851	173,252,003	-	\$ 1,742,657	1,502,670	\$ 230,639	2,092	11,440
1000 TOTALS				\$ 10,450	\$ 1,742,657	\$ 1,505,533	\$ 231,268	\$ 312	\$ 16,618

**Coupland Independent School District
 Budgetary Comparison Schedule – Food Service Fund
 For the Year Ended August 31, 2022**

Exhibit J-2

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 47,512	\$ 65,512	\$ 60,852	\$ (4,660)
5800	State Program Revenues	5,750	5,750	5,321	(429)
5900	Federal Program Revenues	81,207	145,979	128,970	(17,009)
5020	Total Revenues	134,469	217,241	195,143	(22,098)
EXPENDITURES					
Current:					
0035	Food Services	144,469	175,947	165,853	10,094
6030	Total Expenditures	144,469	175,947	165,853	10,094
1100	Excess (Deficiency) of Revenues over Expenditures	(10,000)	41,294	29,290	(12,004)
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	10,000	10,000	-	(10,000)
7080	Total Other Financing Sources (Uses)	10,000	10,000	-	(10,000)
1200	Net Change in Fund Balance	-	51,294	29,290	(22,004)
0100	Fund Balance, Beginning	6,384	6,384	17,401	11,017
3000	Fund Balance, Ending	\$ 6,384	\$ 57,678	\$ 46,691	\$ (10,987)

**Coupland Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended August 31, 2022**

Exhibit J-3

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 244,163	\$ 244,163	\$ 233,455	\$ (10,708)
5020	Total Revenues	244,163	244,163	233,455	(10,708)
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	55,000	55,000	55,000	-
0072	Interest On Long-Term Debt	162,825	162,825	162,825	-
0073	Debt Service Fees	500	500	500	-
6030	Total Expenditures	218,325	218,325	218,325	-
1100	Excess (Deficiency) of Revenues over Expenditures	25,838	25,838	15,130	(10,708)
1200	Net Change in Fund Balance	25,838	25,838	15,130	(10,708)
0100	Fund Balance, Beginning	53,130	53,130	73,658	20,528
3000	Fund Balance, Ending	\$ 78,968	\$ 78,968	\$ 88,788	\$ 9,820

Coupland Independent School District
Use of Funds Report – Select State Allotment Programs
For the Year Ended August 31, 2022

Exhibit J-4

Data Control Codes	Data Elements	1 Responses
Section A: Compensatory Education Programs		
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	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$219,373
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$130,994
Section B: Bilingual Education Programs		
Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.		
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the district's fiscal year.	\$43,920
AP8	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25, 35)	\$32,236

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Compliance and Internal Controls Section

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

To the Board of Trustees
Coupland Independent School District
Coupland, Texas

I 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 Coupland 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, and have issued my report thereon dated October 19, 2022.

Internal Control over Financial Reporting

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

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

My 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding #2022-001, that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karl Kacir". The signature is written in a cursive style with a small flourish at the end.

Karl Kacir, CPA
October 19, 2022

Coupland Independent School District Schedule of Findings and Questioned Costs For the Year Ended August 31, 2022

Section 1. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weaknesses identified?	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	Yes, Finding #2022-001
Noncompliance material to financial statements noted?	No

Section 2. Financial Statement Findings

#2022-001 Significant Deficiency in Internal Controls over Procurement

Criteria

The District is responsible for establishing internal controls to ensure compliance with federal procurement laws. Federal procurement laws require quotes for purchases over \$10,000, and verification of suspension and debarment for purchases over \$25,000.

Condition

There were five purchases of technology assets from federal grants in question. \$16,250 of the amount was funded by Fund 269, ESEA, Title V, Subpart 1, SRSA, and \$23,886 of the amount was funded by Fund 281, ESSER II, CRRSA Act. Multiple quotes were not obtained for these purchases, and the District did not have a procedure in place for checking suspension and debarment.

Cause

The District has written policies for procurement but there are not established procedures to ensure policies are effectively followed.

Effect or Potential Effect

Noncompliance with federal procurement laws and possible disallowance of costs.

Recommendation

Policies should be reviewed and revised if necessary to ensure compliance with federal procurement requirements. Management should review procedures in place for purchasing to ensure compliance with requirements. Staff should be trained on the procedures.

Views of Responsible Officials and Planned Corrective Actions

See the Corrective Action Plan.

Section 3. Federal Award Findings and Questioned Costs

A Single Audit was not required for the current year.



COUPLAND ISD

620 S COMMERCE ST
COUPLAND, Texas 78615
512-856-2422

Corrective Action Plan

Finding #2022-001 Financial Statement Finding: Internal Controls over Procurement

Response: Coupland ISD will train the staff in purchasing procedures for services/materials that are paid for out of federal funds. The data entry person will red flag all POs that exceed the \$10,000 threshold to ensure a minimum of 3 quotes have been received.

Contact: Tammy Brinkman, Superintendent

Estimated Date of Completion: December 1, 2022

**Coupland Independent School District
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2022**

<u>Finding / Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
N/A – There were no findings in the prior year.		