

**AGENDA OF RED OAK INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
Monday, October 17, 2022**

Notice is hereby given that a Regular Meeting of the Board of Trustees of the Red Oak Independent School District will be held on Monday, October 17, 2022 beginning at 7:00 PM at Red Oak ISD Education Service Center, 109 West Red Oak Road, Red Oak, TX 75154.

The subjects to be discussed or considered, or upon which any formal action may be taken, are listed below. Items do not have to be taken in the same order as shown on the meeting notice.

1. CALL TO ORDER / ESTABLISH QUORUM
2. INVOCATION
3. PLEDGES OF ALLEGIANCE
Nnenna Anyanwu, 5th Grade Student from Red Oak Elementary School
4. RECOGNITIONS
 - A. Top Hawks
Brenda Sanford, Superintendent
 - B. Hawk Staff Spotlight
Brenda Sanford, Superintendent
 - C. 2023 National Merit Scholarship Program - Commended
Howard Gatewood, Principal of Red Oak High School
 - D. National Principals Month
John Anderson, Board President
5. SUPERINTENDENT'S REPORT
 - A. Red Oak ISD State Reading Academy
Becky Waller, Curriculum Coordinator
 - B. Pre-Bond Construction Presentation
Steve Hulseley, Corgan
 - C. Projects Update
Kevin Freels, Assistant Superintendent of District Operations
 - D. District Update
Brenda Sanford, Superintendent
6. OPEN FORUM 4
7. ACTION ITEMS
 - A. Consent Agenda
 1. Minutes from School Board Regular Meeting on September 19, 2022 5
 2. Payment of Current Bills Over \$50,000 10
 3. Budget Amendments 2022-2023 16
 - B. Consideration and Approval of Financial Audit 18
Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services / Chief Financial Officer
 - C. Consideration and Approval of Annual Investment Report 113
Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services / Chief Financial Officer
 - D. Consideration and Approval of Facility Design Standards and Educational Specifications for New Construction 157
Kevin Freels, Assistant Superintendent of District Operations

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|-----|---|-----|
| E. | Consideration and Approval of Memorandum of Understanding with the Red Oak ISD Education Foundation Brenda Sanford, Superintendent and Karen Anderson, Executive Director of Red Oak ISD Education Foundation | 171 |
| F. | Consideration and Approval of Adoption of the National Incident Management System (NIMS) Phillip Prasifka, Chief of Police, Red Oak ISD Police Department | 174 |
| G. | Consideration and Approval of School Health Advisory Council (SHAC) for the 2022-2023 School Year Sue Brown, Director of Health Services | 175 |
| H. | Consideration and Approval of Strong Foundations Math Program Melissa Sulak, Executive Director of Curriculum and Instruction | 176 |
| 8. | INFORMATION ITEMS | |
| A. | Bilingual / ESL Program Evaluation | 177 |
| B. | Enrollment Report | 197 |
| C. | Finance Report | 201 |
| 9. | CLOSED SESSION | |
| A. | Texas Government Code 551.071 - For the purpose of a private consultation with the Board's attorney on any and all subjects or matters authorized by law. | |
| B. | Texas Government Code 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property. | |
| C. | Texas Government Code 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation. | |
| D. | Texas Government Code 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee. | |
| | 1. Personnel Matters | |
| | 2. Superintendent and District Goals | |
| E. | Texas Government Code 551.076 - To consider the deployment, or specific occasions for implementation, of security personnel or devices. | |
| F. | Texas Government Code 551.082 - For the purpose of considering discipline of a public school child or children or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing. | |
| G. | Texas Government Code 551.0821 - Personally identifiable information of Public School students. | |
| H. | Texas Government Code 551.083 - For the purpose of considering the standards, guidelines, terms or conditions the Board will follow, or instruct its representatives to follow, in consultation with representative of employee groups in connection with consultation agreements provided for by Section 13.901 of the Texas Education Code. | |
| I. | Texas Government Code 551.084 - For the purpose of excluding witness or witnesses from a hearing during examination of another witness. | |
| J. | Texas Government Code 551.086 - For the purpose of considering economic development negotiations. | |
| 10. | RECONVENE IN OPEN SESSION FOR ACTION RELATIVE TO CLOSED SESSION | |
| 11. | ADJOURNMENT | |

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will convene in such closed meeting in accordance with the Open

Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions or decisions will be taken in open meeting.

Any person with a disability or special accommodation need should call 972-617-2941 no later than 10:00 a.m. on the scheduled meeting date.

This notice was posted in compliance with the Open Meetings Act on October 14, 2022 at 4:30 p.m.

Brenda Sanford, Superintendent
(For the Board of Trustees)

AUDIENCE PARTICIPATION SIGN-UP SHEET

Any person wishing to address the Board about a topic related to District business during the period reserved for public comment at a Board meeting must sign up to be heard, in accordance with District policy BED(LOCAL):

1. Each participant will be limited to two (2) minutes to make comments to the Board.
2. Under the Texas Open Meetings Act, the Board is not permitted to discuss or act upon any issues that are not posted on the agenda for tonight's meeting.
3. The Board has adopted complaint policies that are designed to secure, at the lowest possible administrative level, a prompt and equitable resolution of complaints and concerns. Each of these processes provides that, if a resolution cannot be achieved administratively, the person may appeal the administrative decision to the Board as a properly posted agenda item. For further information on those policies, please contact Kevin Freels, Assistant Superintendent of District Operations, for student issues, and Michelle Ailara, Assistant Superintendent of Human Resources, for employee issues at 972-617-2941. If the subject of your comment involves a pending grievance, please continue to seek resolution through the grievance process and address the Board only at the appropriate stage of that process.
4. Under the Texas Open Meetings Act, the Board may exercise its authority to discuss certain subject matters in closed session, including matters involving individual District staff members and individual students. If your comment concerns one of these subjects, please address your concern through the complaint policies described above.
5. Finally, please be aware that rules of decorum will be enforced during the public comment period. Personal attacks, name-calling, and rude or slanderous remarks will not be tolerated. Each participant is legally responsible for the content and consequences of his or her own statements.

Please fill in the information requested below if you wish to address the Board during the public comment period:

Name _____

Address _____

ROISD Campus Your Child(ren) attends _____

School District of Residence _____ Telephone _____

Topic/ Agenda Item _____

**MINUTES OF THE
RED OAK INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES REGULAR MEETING
Monday, September 19, 2022**

A Regular Meeting of the Board of Trustees of Red Oak ISD was held Monday, September 19, 2022, beginning at 7:00 PM at the Red Oak ISD Education Service Center, 109 West Red Oak Road, Red Oak, TX 75154.

1. CALL TO ORDER / ESTABLISH QUORUM

The Regular Meeting of the School Board was called to order by John Anderson, President of the School Board, at 7:00 p.m.

The Red Oak ISD School Board met at the Red Oak ISD Education Service Center and the presiding officer, John Anderson, noted that a quorum of Board Members was present; that the meeting was duly called; and that notice of the meeting had been posted in accordance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.00.

The following Board members were present: John Anderson, President; Melanie Petersen, Vice President; Brian Sebring, Secretary; Donna Knight; Michelle Porter; and Penny Story.

The following Board member was absent: Johnny Knight.

2. INVOCATION

Mr. Sebring introduced Jared Douglas, Lead Pastor of First Baptist Church Red Oak, who led the invocation.

3. PLEDGES OF ALLEGIANCE

Ms. Porter introduced Sean Fanning, a 2nd grade student at Eastridge Elementary School, who led the Pledges of Allegiance to the American and Texas flags.

4.

SUPERINTENDENT'S REPORT

- A. Red Oak High School Student Council Annual Report
Angela Thomas, Sponsor

Xavian Rodela, Parliamentarian, of the Student Council at Red Oak High School, along with their sponsor, Mr. Andrew Davis, presented the STUCO annual report.

B. Projects Update
Brenda Sanford, Superintendent

Mr. Kevin Freels, Assistant Superintendent of District Operations, presented an update on portables that were purchased and placed at Red Oak Middle School, Eastridge Elementary School, and Wooden Elementary School. He informed the Board that the sidewalks and ramps have been installed and they are now working on electrical and fire alarm systems. The portables should be ready by October.

Mr. Steve Hulse, from Corgan, presented information regarding the new second middle school. He gave a presentation that included the following: Project Overview; Visioning Survey Results; Tours; Programming; and Design Process.

C. District Update
Brenda Sanford, Superintendent

Eleven ROHS students were named awardees for their outstanding performance on the PSAT/NMSQT, PSAT 10 or AP Exams from the College Board National Recognition Program. There were seven students who received the National Hispanic Recognition Award and four students who received the National African American Recognition Award.

Red Oak ISD hosted the North Texas Food Bank School Pantry Program on September 15. A special thanks to the employees of Whataburger and the Texas Rangers Association who volunteered to help.

Several ROISD groups participated in the Red Oak Founders Day Parade on August 27.

Red Oak ISD students and staff wore maroon on September 6, the first day of classes for Uvalde CISD, to show support for their district.

Design Input Meetings on the new second middle school were held on September 14 at Red Oak Elementary, September 15 at Shields Elementary and meetings will also be held on September 20 at Wooden Elementary, September 22 at Eastridge Elementary, and September 23 at Schupmann Elementary. Parents have been emailed a campus-specific link to RSVP to the meeting at their elementary campus. Community-wide meetings will be held on September 27 and September 29 at 6pm in the ROISD Board Room.

Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services / Chief Financial Officer and Mr. Freels gave a presentation regarding Little Hawks Learning Center and After the Bell. The presentation included the following information: historical enrollment data; program review information;

licensing; state standards; employee survey results; current building usage; child care relief funding; and historical funding.

Phillip Prasifka, Chief of Police, Red Oak ISD Police Department gave an update on Safety Week that was held the week of August 29.

5. OPEN FORUM

The following individuals spoke in Open Forum – Bill Foster in regards to the old Shields Elementary usage and Terry Todd in regards to the old Shields Elementary usage and curriculum.

6. ACTION ITEMS

A. Consent Agenda

1. Minutes from School Board Special Meeting on August 3, 2022 - 6:00 p.m.
2. Minutes from School Board Special Meeting on August 3, 2022 - 7:00 p.m.
3. Minutes from School Board Regular Meeting on August 18, 2022
4. Minutes from School Board Special Meeting on August 29, 2022
5. Payment of Current Bills Over \$50,000
6. Prosperity Bank Account Information Update
7. TSTC Lease Agreement

The Prosperity Bank Account Information will be updated to remove former Board Members Dr. Joy Shaw and Henry Lozano and add current Board Members John Anderson, President and Brian Sebring, Secretary.

Ms. Petersen made a motion to approve the Consent Agenda as presented. Mr. Sebring seconded the motion. The motion passed 6 – 0.

- B. Consideration and Approval of Ellis County Tax Assessor / Collector Contract
Dr. Bill Johnston, CPA, Assistant Superintendent of Business Services / Chief Financial Officer

Ms. Petersen made a motion to approve the contract with Ellis County Tax Assessor / Collector for the collection of property taxes. Mr. Sebring seconded the motion. The motion passed 6 – 0.

- C. Consideration and Approval of Joint Election Contract for Election Services with the County of Ellis
Brenda Sanford, Superintendent

Ms. Knight made a motion to approve the Joint Election Contract for Election Services. Mr. Sebring seconded the motion. The motion passed 6 – 0.

- D. Consideration and Approval of Technology Device Purchase
Tony Maceda, Director of Information Technology

Ms. Petersen made a motion to approve the purchase of chromebooks from Delcom Group as presented. Ms. Knight seconded the motion. The motion passed 6 – 0.

7. INFORMATION ITEMS

- A. Enrollment Report
- B. Finance Report

8. CLOSED SESSION

The Board convened into Closed Session at 8:45 p.m.

- A. Texas Government Code 551.071 - For the purpose of a private consultation with the Board's attorney on any and all subjects or matters authorized by law.
- B. Texas Government Code 551.072 - For the purpose of discussing the purchase, exchange, lease or value of real property.
- C. Texas Government Code 551.073 - For the purpose of considering a negotiated contract for a prospective gift or donation.
- D. Texas Government Code 551.074 - For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
 - 1. Personnel Matters
- E. Texas Government Code 551.076 - To consider the deployment, or specific occasions for implementation, of security personnel or devices.
- F. Texas Government Code 551.082 - For the purpose of considering discipline of a public school child or children or to hear a complaint by an employee against another employee if the complaint or charge directly results in a need for a hearing.
- G. Texas Government Code 551.0821 - Personally identifiable information of Public School students.
- H. Texas Government Code 551.083 - For the purpose of considering the standards, guidelines, terms or conditions the Board will follow, or instruct its representatives to follow, in consultation with representative of employee groups in connection with consultation agreements provided for by Section 13.901 of the Texas Education Code.
- I. Texas Government Code 551.084 - For the purpose of excluding witness or witnesses from a hearing during examination of another witness.
- J. Texas Government Code 551.086 - For the purpose of considering economic development negotiations.

9. RECONVENE IN OPEN SESSION FOR ACTION RELATIVE TO CLOSED SESSION

The Board reconvened back into Open Session at 10:15 p.m.

Mr. Sebring made a motion to approve personnel recommendations as presented in Closed Session. Ms. Knight seconded the motion. The motion passed 6 – 0.

10. ADJOURNMENT

As there was no further business or action to be taken, the meeting adjourned at 10:16 p.m.

John Anderson, Board President

Brian Sebring, Board Secretary

| CHECK | | ACCOUNT | | | | | | |
|--------|----------------------|------------|-------------------------------|--|--|--|--|--|
| NUMBER | VENDOR | AMOUNT | NUMBER | | | | | |
| 218097 | ELLIS APPRAISAL DIST | 68,127.69 | 199 E 99 6213 00 703 0 99 000 | | | | | |
| | | 68,127.69 | Totals for 218097 | | | | | |
| | | | | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 2,448.17 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 10,472.49 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 4,142.65 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 88.35 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 5,004.62 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 441.75 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 1,767.00 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 5,718.35 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 15,777.02 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 227.60 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -265.80 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 265.80 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 1,689.39 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 3,980.56 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 8,854.37 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 9,556.51 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 3,683.66 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 8.25 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 2,082.15 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 602.75 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,014.50 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 878.02 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,043.95 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 903.65 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -622.38 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -88.35 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 613.48 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 76.89 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -390.58 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -441.75 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 336.33 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 384.45 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,785.80 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,767.00 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 1,535.15 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 1,537.80 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 302.45 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 256.30 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -294.50 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,036.85 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 885.60 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -441.75 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 384.45 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -1,576.75 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 1,360.30 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -961.82 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | -589.00 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 828.42 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| 218147 | THE HOME DEPOT PRO/D | 512.60 | 199 E 51 6315 00 994 0 99 000 | | | | | |
| | | 75,286.55 | Totals for 218147 | | | | | |
| | | | | | | | | |
| 218626 | LONGHORN BUS SALES, | 341,675.00 | 199 E 34 6631 00 991 0 99 000 | | | | | |
| | | 341,675.00 | Totals for 218626 | | | | | |

CHECK

ACCOUNT

NUMBER VENDOR

AMOUNT NUMBER

485,089.24 Totals for checks

FUND SUMMARY

| <u>FUND</u> | <u>DESCRIPTION</u> | <u>BALANCE SHEET</u> | <u>REVENUE</u> | <u>EXPENSE</u> | <u>TOTAL</u> |
|-------------|-------------------------|----------------------|----------------|----------------|--------------|
| 199 | GENERAL OPERATING FUND | 0.00 | 0.00 | 485,089.24 | 485,089.24 |
| *** | Fund Summary Totals *** | 0.00 | 0.00 | 485,089.24 | 485,089.24 |

***** End of report *****

| CHECK | | | ACCOUNT | | | | | | |
|--------|--------|--------------|----------|--------|---|----|------|----------|--------------|
| NUMBER | VENDOR | | AMOUNT | NUMBER | | | | | |
| 16893 | LABATT | FOOD SERVICE | 251.93 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 80.81 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 38.80 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 51.42 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 71.39 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 379.71 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 125.26 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 96.43 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 759.42 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 42.31 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 55.75 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 690.69 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 37.64 | 240 | E | 35 | 6342 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 28.90 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4.20 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 127.36 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 127.36 | 240 | E | 35 | 6341 | 01 | 999 0 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4,787.22 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,180.31 | 240 | E | 35 | 6342 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,035.77 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 804.85 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 243.72 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 6,879.29 | 240 | E | 35 | 6342 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 5,119.48 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 774.36 | 240 | E | 35 | 6342 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 7,475.45 | 240 | E | 35 | 6341 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 962.87 | 240 | E | 35 | 6342 | 00 001 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 6,502.07 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 573.40 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 319.50 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 1,129.47 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 409.80 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 8,083.24 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 244.88 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4,073.63 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 340.90 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4,365.84 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 694.39 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 3,003.19 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 420.09 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 124.74 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 474.08 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4,109.30 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 404.49 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 91.83 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,966.27 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 204.04 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,450.37 | 240 | E | 35 | 6341 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 447.46 | 240 | E | 35 | 6342 | 00 041 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 128.71 | 240 | E | 35 | 6341 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 4,788.63 | 240 | E | 35 | 6342 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 5,657.25 | 240 | E | 35 | 6341 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 98.76 | 240 | E | 35 | 6342 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 122.44 | 240 | E | 35 | 6341 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,406.54 | 240 | E | 35 | 6341 | 00 101 0 | 99 000 |
| 16893 | LABATT | FOOD SERVICE | 2,130.25 | 240 | E | 35 | 6341 | 00 101 0 | 99 000 |

| CHECK | | ACCOUNT | | | | | | | | | |
|--------|---------------------|------------|-------------------------------|--|--|--|--|--|--|--|--|
| NUMBER | VENDOR | AMOUNT | NUMBER | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 467.91 | 240 E 35 6342 00 101 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 4,774.08 | 240 E 35 6341 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 965.23 | 240 E 35 6342 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 4,311.97 | 240 E 35 6341 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 591.48 | 240 E 35 6342 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 91.83 | 240 E 35 6341 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 43.01 | 240 E 35 6341 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 2,829.80 | 240 E 35 6342 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 3,154.64 | 240 E 35 6341 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 394.05 | 240 E 35 6342 00 102 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 5,705.34 | 240 E 35 6341 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 1,304.08 | 240 E 35 6342 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 61.22 | 240 E 35 6341 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 83.88 | 240 E 35 6341 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 3,816.66 | 240 E 35 6342 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 2,858.82 | 240 E 35 6341 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 300.91 | 240 E 35 6342 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 2,683.48 | 240 E 35 6341 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 382.45 | 240 E 35 6342 00 103 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 5,154.10 | 240 E 35 6341 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 542.66 | 240 E 35 6342 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 3,792.14 | 240 E 35 6341 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 23.46 | 240 E 35 6342 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 153.05 | 240 E 35 6341 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 1,712.84 | 240 E 35 6341 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 143.72 | 240 E 35 6342 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 3,771.13 | 240 E 35 6341 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 807.73 | 240 E 35 6342 00 105 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 192.19 | 240 E 35 6341 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 5,816.84 | 240 E 35 6342 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 6,117.59 | 240 E 35 6341 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 470.11 | 240 E 35 6342 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 153.05 | 240 E 35 6341 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 4,978.71 | 240 E 35 6341 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 471.12 | 240 E 35 6342 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 3,578.42 | 240 E 35 6341 00 107 0 99 000 | | | | | | | | |
| 16893 | LABATT FOOD SERVICE | 54.89 | 240 E 35 6342 00 107 0 99 000 | | | | | | | | |
| | | 163,752.85 | Totals for 16893 | | | | | | | | |
| | | 163,752.85 | Totals for checks | | | | | | | | |

FUND SUMMARY

| <u>FUND</u> | <u>DESCRIPTION</u> | <u>BALANCE SHEET</u> | <u>REVENUE</u> | <u>EXPENSE</u> | <u>TOTAL</u> |
|-------------|-------------------------|----------------------|----------------|----------------|--------------|
| 240 | FOOD SERVICE | 0.00 | 0.00 | 163,752.85 | 163,752.85 |
| *** | Fund Summary Totals *** | 0.00 | 0.00 | 163,752.85 | 163,752.85 |

***** End of report *****

Budget Amendments 2022-2023

Presented for:

Board Action X Report/Review Only _____

Supporting documents:

None _____ Attached X Provided Later _____

Contact Person:

Teresa Simpson, CPA, Director of Accounting

Background Information:

The legal basis for budget development in Texas school districts is established in Sections 44.002 through 44.006 of the Texas Education Code. The Texas Education Code requires Board approval of the budget for the General Operating, Debt Service, and Food Service Funds. Board Policy CE (Local) provides that the Board shall amend the budget when a change is made increasing any one of the functional spending categories or increasing revenue object accounts and other resources. The attached amendments insure compliance with state and local requirements.

| <u>Description</u> | <u>Function</u> | <u>Amount</u> |
|---------------------------|--|----------------------|
| | 11 – Instruction | (7,794) |
| | 13 – Curriculum and Instructional Staff Develop. | 7,790 |
| | 21 – Instructional Leadership | (1,044) |
| | 23 – School Leadership | 393 |
| | 36 – Cocurricular/Extracurricular | (2,621) |
| | 41 – General Administration | 52,415 |
| | 51 – Plant Maintenance and Operations | 1,579 |
| | 53 – Data Processing Services | 1,707 |
| | 61 – Community Services | <u>(52,415)</u> |
| | Net Changes to Expenditures | \$ 0 |

Fiscal Implications:

There are no net fiscal implications.

Considerations:

The General Fund amendments represent transfers to properly reflect the purpose of fine arts purchases, additional professional development for instructional and school leadership staff, and a responsibility change in a communications position.

Recommendation:

The Administration recommends that the Board approve the amendments to the 2022-2023 budgets as presented.

**Red Oak Independent School District
General Operating Budget
Amended Budget as of 10/17/22**

| | Operating Revised Budget September 1, 2022 | Amendments Increase/ (Decrease) | Proposed Amended Budget October 31, 2022 |
|---|---|---------------------------------------|---|
| Revenues: | | | |
| Local, Intermediate, Other | \$ 2,083,448 | | \$ 2,083,448 |
| Local, Property Taxes | 29,395,770 | | 29,395,770 |
| State Program Revenues | 36,186,390 | | 36,186,390 |
| Federal Program Revenues | 1,150,000 | | 1,150,000 |
| Total Revenues | \$ 68,815,608 | \$ - | \$ 68,815,608 |
| Expenditures | | | |
| Instruction | \$ 35,071,770 | \$ (7,794) | \$ 35,063,976 |
| Instructional Resources and Media Services | 1,031,672 | | 1,031,672 |
| Curriculum and Instructional Staff Development | 1,936,350 | 7,790 | 1,944,140 |
| Instructional Leadership | 816,034 | (1,044) | 814,990 |
| School Leadership | 4,034,222 | 393 | 4,034,615 |
| Guidance, Counseling and Evaluation Services | 2,888,265 | | 2,888,265 |
| Social Work Services | 175,548 | | 175,548 |
| Health Services | 902,216 | | 902,216 |
| Student Transportation | 3,314,580 | | 3,314,580 |
| Cocurricular/Extracurricular Activities | 2,488,881 | (2,631) | 2,486,250 |
| General Administration | 2,967,403 | 52,415 | 3,019,818 |
| Plant Maintenance and Operations | 7,430,882 | 1,579 | 7,432,461 |
| Security and Monitoring Services | 1,387,310 | | 1,387,310 |
| Data Processing Services | 1,698,076 | 1,707 | 1,699,783 |
| Community Services | 1,774,578 | (52,415) | 1,722,163 |
| Debt Service | 450,500 | | 450,500 |
| Facilities Acquisition and Construction | 52,321 | | 52,321 |
| Payments to Fiscal Agent | 45,000 | | 45,000 |
| Other Intergovernmental Charges | 350,000 | | 350,000 |
| Total Expenditures | \$ 68,815,608 | \$ - | \$ 68,815,608 |
| Other Sources (Uses) | | | |
| Other Sources | - | | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ - | \$ - | \$ - |

Independent Auditors' Report

Red Oak Independent School District
Red Oak, Texas

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Red Oak Independent School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Red Oak Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the Teacher Retirement System schedules on page 54 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 on our consideration of Red Oak Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Red Oak Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Oak Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
 Denton, Texas
 October 12, 2022

RED OAK INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED JUNE 30, 2022

RED OAK INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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CERTIFICATE OF BOARD

Red Oak Independent School District
Name of School District

Ellis
County

070-911
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2022, at a meeting of the Board of Trustees of such school district on the 17th day of October, 2022.

Signature of Board Secretary

Signature of Board President

Independent Auditors' Report

Red Oak Independent School District
Red Oak, Texas

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Red Oak Independent School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Red Oak Independent School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the Teacher Retirement System schedules on page 54 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 on our consideration of Red Oak Independent School District's internal control over financial reporting and on our tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Red Oak Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Red Oak Independent School District's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay
 Denton, Texas
 October 12, 2022

**RED OAK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022
(UNAUDITED)**

This section of Red Oak Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by \$796,795 (*net position*).
- The District's total net position increased by \$9,637,329 during the current fiscal year from the result of current year operations.
- The General Fund reported an ending fund balance of \$20,583,112, an increase of \$442,137 from the prior year.
- The unassigned fund balance in the General Fund as of June 30, 2022 was \$20,583,112, which is 33.8% of the total general fund expenditures for the fiscal year.
- The District reported total ending Governmental Funds fund balances of \$33,059,041, an increase of \$2,690,005. The amount available for spending at the government's discretion is \$20,563,264 (62.2%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of six parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, an optional section that presents *combining statements* for nonmajor governmental funds, a section containing required TEA schedules, and information regarding federal awards.

The basic financial statements include two kinds of statements that present different views of the District. The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in *more detail* than the government-wide statements.

The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Proprietary fund statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*. The District had no proprietary funds in the fiscal year ended June 30, 2022.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

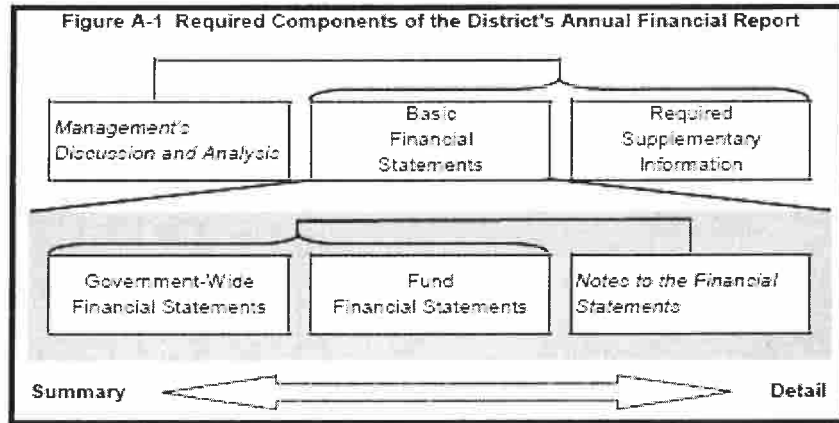


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2 Major Features of the District's Government-wide and Fund Financial Statements

| Type of Statements | Government-wide | Governmental Funds | Proprietary Funds | Fiduciary Funds |
|---|---|--|---|--|
| <i>Scope</i> | Entire District's government (Except fiduciary funds) | The activities of the District that are not proprietary or fiduciary | Activities the District operates similar to private businesses: self insurance | Instances in which the District is the trustee or custodian for someone else's resources |
| <i>Required financial statements</i> | *Statement of net position | *Balance Sheet | *Statement of net position | *Statement of fiduciary net position |
| | *Statement of activities | *Statement of revenues, expenditures & changes in fund balances | *Statement of revenues, expenses and changes in fund net position *Statement of cash flows | *Statement of changes in fiduciary net position |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resource focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| <i>Type of asset/liability information</i> | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included | All assets and liabilities, both financial and capital and short-term and long-term | All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can |
| <i>Type of inflow/outflow information</i> | All revenue and expenses during the year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All revenues and expenses during the year, regardless of when cash is received or paid |

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets, deferred inflows of resources, liabilities, and deferred outflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District’s *net position* and how it has changed. Net position, the difference between the District’s assets and deferred inflows of resources and the District’s liabilities and deferred outflows of resources, is one way to measure the District’s financial health or *position*.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base. The government-wide financial statements of the District are divided into three categories:

Governmental activities – Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Business-type activities – Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides. The District has no business-type activities.

Component units – These funds would include other entities related to the District. Although legally separate, these – component units would be classified as important because of material relationships with the District. The District has no *component units* for which it is financially accountable.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants. The District has two kinds of funds:

Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Fiduciary funds - The District is the trustee, or *fiduciary*, for money raised by student activities. The District's custodial activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 24 and 25. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net position of the Districts' governmental activities increased from (\$8,840,534) to \$796,795. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$12,251,459) at June 30, 2022. See Table I and Table II for more detail.

Table I
NET POSITION

| | Governmental Activities | |
|---|----------------------------|-----------------------|
| | June 30, 2022 | June 30, 2021 |
| Current and other assets | \$ 41,354,547 | \$ 38,441,519 |
| Capital assets, net | 101,662,052 | 103,472,476 |
| Total assets | <u>143,016,599</u> | <u>141,913,995</u> |
| Deferred outflows of resources | 12,455,431 | 13,073,125 |
| Total assets and deferred outflows of resources | <u>155,472,030</u> | <u>154,987,120</u> |
| Long-term liabilities | 123,860,661 | 138,824,576 |
| Other liabilities | 8,630,045 | 8,347,143 |
| Total liabilities | <u>132,490,706</u> | <u>147,171,719</u> |
| Deferred inflows of resources | 22,184,529 | 16,655,935 |
| Total liabilities and deferred inflows of resources | <u>154,675,235</u> | <u>163,827,654</u> |
| Net Position: | | |
| Net investments in capital assets | 5,691,351 | 174,619 |
| Restricted | 7,356,903 | 6,118,095 |
| Unrestricted | <u>(12,251,459)</u> | <u>(15,133,248)</u> |
| Total Net Position | <u>\$ 796,795</u> | <u>\$ (8,840,534)</u> |

Table II
CHANGES IN NET POSITION

| | Governmental Activities Year Ended | |
|--|--|----------------|
| | June 30, 2022 | June 30, 2021 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for services | \$ 1,120,882 | \$ 845,701 |
| Operating grants and contributions | 14,094,404 | 8,991,691 |
| General Revenues: | | |
| Maintenance and operations taxes | 25,368,625 | 22,940,231 |
| Debt service taxes | 9,646,913 | 8,423,661 |
| State aid - formula grants | 31,908,072 | 33,384,700 |
| Grants and contributions not restricted | 12,630 | 147,103 |
| Investment earnings | 54,515 | 29,403 |
| Miscellaneous | 965,244 | 973,916 |
| Total Revenue | 83,171,285 | 75,736,406 |
| Expenses: | | |
| Instruction, curriculum and media services | 38,571,304 | 37,143,296 |
| Instructional and school leadership | 4,448,684 | 4,546,296 |
| Student support services | 6,772,896 | 6,637,523 |
| Food services | 3,182,252 | 2,436,282 |
| Extracurricular activities | 2,781,261 | 2,816,154 |
| General administration | 2,629,338 | 2,534,136 |
| Plant maintenance, security and data processing | 10,107,835 | 10,424,878 |
| Community services | 1,435,970 | 1,511,193 |
| Debt service | 3,339,729 | 3,940,708 |
| Facilities acquisition, construction | - | 723,755 |
| Payments to Juvenile Justice Alt. Ed. Program | 324 | - |
| Other intergovernmental charges | 264,363 | 222,660 |
| Total Expenses | 73,533,956 | 72,936,881 |
| Increase (decrease) in net position | 9,637,329 | 2,799,525 |
| Net position at beginning of year | (8,840,534) | (11,640,059) |
| Net position at end of year | \$ 796,795 | \$ (8,840,534) |

At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position, while reporting a positive balance in restricted net position and net investment in capital assets. The District's net position increased by \$9,637,329 during the current fiscal year.

Changes in Net Position

Some of the factors affecting the change in the District's net position can be identified as follows:

- State funding for the 2021-22 fiscal year decreased approximately \$1.48 million due to an increase in local property values and local tax collections offset by an increase in average daily attendance.
- Attendance numbers increased 3.25% from the prior year.
- General Fund expenditures increased 3.5% primarily due to increased salaries and an increase in instructional expenditures.
- Local property tax values increased 15.1%. Therefore, tax collections increased even though the maintenance and operations tax rate decreased \$0.0336 because of tax rate compression required by state funding legislation.

The total cost of all governmental activities for the current fiscal year was \$73,533,956. Of this, \$31,908,072 was provided by the state funding formula. Other governments and organizations contributed \$14,094,404. The amount financed by taxpayers was \$35,015,538. The balance of \$2,153,271 relates to charges for services, investment earnings and miscellaneous revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements, bond covenants, and segregation for particular purposes.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements.

In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$33.1 million.

Approximately \$20.6 million of this total amount constitutes unassigned fund balance. The remainder of fund balance is *nonspendable* (inventories - \$19,848), *restricted* (grant restrictions and retirement of long term debt - \$8,505,121) and *committed* (miscellaneous purposes - \$4,060,858).

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to the budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments throughout the year for unexpected occurrences.
- Amendments to revise estimates for state program revenues.

After revenues and appropriations were amended as described above, the actual revenues in the General Fund were \$0.3 million less than budgeted revenues. Expenditures for the General Fund were \$3.7 million less than budgeted amounts. This was primarily due to cost savings achieved across all functions during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$101,662,052 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation equipment, athletics, administration, and maintenance. The amount represents a net decrease of \$1,810,424 (1.7%) from last year.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

The District had \$99,114,365 in bonds and notes outstanding as of June 30, 2022. This was a decrease of \$7,658,208 from the prior year. The District's 2009 Bond Series was rated AA+ by Fitch as a result of the purchase of a municipal bond insurance policy. The District's other outstanding bonds are rated AAA by Fitch based upon the guarantee of the Texas Permanent School Fund. Additional information on the District's long-term liabilities can be found in Note 5 to the financial statements.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND TAX RATES

- The District's certified property values for 2022 increased approximately 20.45%.
- The District's Maintenance and Operations tax rate will be reduced to \$0.9429 per \$100 valuation from \$0.9603 per \$100 valuation. The Debt Service tax rate will be reduced to \$0.3481 per \$100 valuation from \$0.3653 per \$100 valuation.
- The adopted 2022-2023 general fund budget has budgeted revenues of \$68.8 million and budgeted expenditures of \$68.8 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer of the District at Red Oak Independent School District, 109 W. Red Oak Road, Red Oak, TX 75154, 972-617-2941.

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BASIC FINANCIAL STATEMENTS

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT A-1

| Data Control Codes | Primary Government <u>Governmental Activities</u> |
|--|--|
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ 30,572,824 |
| 1220 Property Taxes - Delinquent | 1,030,502 |
| 1230 Allowance for Uncollectible Taxes | (51,525) |
| 1240 Due from Other Governments | 9,780,483 |
| 1290 Other Receivables, Net | 2,415 |
| 1300 Inventories | 19,848 |
| Capital Assets: | |
| 1510 Land | 5,967,901 |
| 1520 Buildings, Net | 91,818,063 |
| 1530 Furniture and Equipment, Net | 3,763,649 |
| 1580 Construction in Progress | 112,439 |
| 1000 Total Assets | <u>143,016,599</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| 1701 Deferred Charge on Bond Refundings | 2,849,423 |
| 1705 Deferred Resource Outflows Related to TRS Pension | 5,576,193 |
| 1706 Deferred Respirece Outflows Related to TRS OPEB | 4,029,815 |
| 1700 Total Deferred Outflows of Resources | <u>12,455,431</u> |
| LIABILITIES | |
| 2110 Accounts Payable | 631,656 |
| 2140 Accrued Interest Payable | 1,313,517 |
| 2150 Payroll Deductions and Withholdings | 586,654 |
| 2160 Accrued Wages Payable | 5,662,047 |
| 2180 Due to Other Governments | 23,316 |
| 2200 Accrued Expenses | 383,816 |
| 2300 Unearned Revenue | 29,039 |
| Noncurrent Liabilities: | |
| 2501 Due Within One Year: Loans, Note, Leases, etc. | 3,365,000 |
| Due in More than One Year: | |
| 2502 Bonds, Notes, Loans, Leases, etc. | 95,749,365 |
| 2540 Net Pension Liability (District's Share) | 7,981,353 |
| 2545 Net OPEB Liability (District's Share) | 16,764,943 |
| 2000 Total Liabilities | <u>132,490,706</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| 2605 Deferred Resource Inflows Related to TRS Pension | 9,656,361 |
| 2606 Deferred Resource Inflows Related to TRS OPEB | 12,528,168 |
| 2600 Total Deferred Inflows of Resources | <u>22,184,529</u> |
| NET POSITION | |
| 3200 Net Investment in Capital Assets | 5,691,351 |
| Restricted: | |
| 3820 Restricted for Federal and State Programs | 1,524,227 |
| 3850 Restricted for Debt Service | 5,832,676 |
| 3900 Unrestricted | (12,251,459) |
| 3000 Total Net Position | <u>\$ 796,795</u> |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-1

| Data Control Codes | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|--|--|--|--|
| | 1 | 3 | 4 | 6 |
| Expenses | Charges for Services | Operating Grants and Contributions | Primary Gov. Governmental Activities | |
| Primary Government: | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| 11 Instruction | \$ 35,563,570 | \$ 160,153 | \$ 4,980,460 | \$ (30,422,957) |
| 12 Instructional Resources and Media Services | 726,670 | 38,930 | 33,863 | (653,877) |
| 13 Curriculum and Instructional Staff Development | 2,281,064 | 592 | 762,245 | (1,518,227) |
| 21 Instructional Leadership | 695,430 | - | 35,985 | (659,445) |
| 23 School Leadership | 3,753,254 | 121,330 | 216,118 | (3,415,806) |
| 31 Guidance, Counseling, and Evaluation Services | 2,739,000 | 28,956 | 375,593 | (2,334,451) |
| 32 Social Work Services | 112,793 | - | 7,530 | (105,263) |
| 33 Health Services | 883,985 | - | 92,569 | (791,416) |
| 34 Student (Pupil) Transportation | 3,037,118 | - | 593,401 | (2,443,717) |
| 35 Food Services | 3,182,252 | 437,845 | 4,000,783 | 1,256,376 |
| 36 Extracurricular Activities | 2,781,261 | 210,145 | 90,311 | (2,480,805) |
| 41 General Administration | 2,629,338 | 2,700 | 137,835 | (2,488,803) |
| 51 Facilities Maintenance and Operations | 6,672,923 | 117,240 | 338,800 | (6,216,883) |
| 52 Security and Monitoring Services | 1,439,360 | 1,096 | 63,163 | (1,375,101) |
| 53 Data Processing Services | 1,995,552 | - | 444,801 | (1,550,751) |
| 61 Community Services | 1,435,970 | 1,895 | 1,354,788 | (79,287) |
| 72 Debt Service - Interest on Long-Term Debt | 3,335,179 | - | 566,159 | (2,769,020) |
| 73 Debt Service - Bond Issuance Cost and Fees | 4,550 | - | - | (4,550) |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 324 | - | - | (324) |
| 99 Other Intergovernmental Charges | 264,363 | - | - | (264,363) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 73,533,956 | \$ 1,120,882 | \$ 14,094,404 | (58,318,670) |
| Data Control Codes | General Revenues: | | | |
| | Taxes: | | | |
| MT | Property Taxes, Levied for General Purposes | | | 25,368,625 |
| DT | Property Taxes, Levied for Debt Service | | | 9,646,913 |
| SF | State Aid - Formula Grants | | | 31,908,072 |
| GC | Grants and Contributions not Restricted | | | 12,630 |
| IE | Investment Earnings | | | 54,515 |
| MI | Miscellaneous Local and Intermediate Revenue | | | 965,244 |
| TR | Total General Revenues | | | 67,955,999 |
| CN | Change in Net Position | | | 9,637,329 |
| NB | Net Position - Beginning | | | (8,840,534) |
| NE | Net Position - Ending | | | \$ 796,795 |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| ASSETS | | | |
| 1110 Cash and Cash Equivalents | \$ 21,340,411 | \$ 6,907,540 | \$ - |
| 1220 Property Taxes - Delinquent | 761,715 | 268,787 | - |
| 1230 Allowance for Uncollectible Taxes | (38,086) | (13,439) | - |
| 1240 Due from Other Governments | 8,151,899 | 1,621 | - |
| 1260 Due from Other Funds | 1,474,280 | - | 3,810,617 |
| 1290 Other Receivables | 2,259 | - | - |
| 1300 Inventories | 19,848 | - | - |
| 1000 Total Assets | <u>\$ 31,712,326</u> | <u>\$ 7,164,509</u> | <u>\$ 3,810,617</u> |
| LIABILITIES | | | |
| 2110 Accounts Payable | \$ 439,510 | \$ - | \$ 130,109 |
| 2150 Payroll Deductions and Withholdings Payable | 586,533 | - | - |
| 2160 Accrued Wages Payable | 5,184,609 | - | - |
| 2170 Due to Other Funds | 3,810,617 | - | - |
| 2180 Due to Other Governments | - | 18,316 | - |
| 2200 Accrued Expenditures | 383,816 | - | - |
| 2300 Unearned Revenue | 500 | - | - |
| 2000 Total Liabilities | <u>10,405,585</u> | <u>18,316</u> | <u>130,109</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| 2601 Unavailable Revenue - Property Taxes | 723,629 | 255,349 | - |
| 2600 Total Deferred Inflows of Resources | <u>723,629</u> | <u>255,349</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable Fund Balance: | | | |
| 3410 Inventories | 19,848 | - | - |
| Restricted Fund Balance: | | | |
| 3450 Federal or State Funds Grant Restriction | - | - | - |
| 3480 Retirement of Long-Term Debt | - | 6,890,844 | - |
| Committed Fund Balance: | | | |
| 3510 Construction | - | - | 3,680,508 |
| 3545 Other Committed Fund Balance | - | - | - |
| 3600 Unassigned Fund Balance | 20,563,264 | - | - |
| 3000 Total Fund Balances | <u>20,583,112</u> | <u>6,890,844</u> | <u>3,680,508</u> |
| 4000 Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 31,712,326</u> | <u>\$ 7,164,509</u> | <u>\$ 3,810,617</u> |

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

| Other Funds | Total Governmental Funds |
|---------------------|--------------------------------|
| \$ 2,324,873 | \$ 30,572,824 |
| - | 1,030,502 |
| - | (51,525) |
| 1,626,963 | 9,780,483 |
| - | 5,284,897 |
| 156 | 2,415 |
| - | 19,848 |
| <u>\$ 3,951,992</u> | <u>\$ 46,639,444</u> |
| | |
| \$ 62,037 | \$ 631,656 |
| 121 | 586,654 |
| 477,438 | 5,662,047 |
| 1,474,280 | 5,284,897 |
| 5,000 | 23,316 |
| - | 383,816 |
| 28,539 | 29,039 |
| <u>2,047,415</u> | <u>12,601,425</u> |
| | |
| - | 978,978 |
| - | 978,978 |
| | |
| - | 19,848 |
| 1,524,227 | 1,524,227 |
| - | 6,890,844 |
| - | 3,680,508 |
| 380,350 | 380,350 |
| - | 20,563,264 |
| <u>1,904,577</u> | <u>33,059,041</u> |
| | |
| <u>\$ 3,951,992</u> | <u>\$ 46,639,444</u> |

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RED OAK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT C-2

| | | |
|---|-----------|----------------|
| Total Fund Balances - Governmental Funds | \$ | 33,059,041 |
| 1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements. | | 167,241,682 |
| 2 Accumulated depreciation is not reported in the fund financial statements. | | (65,579,630) |
| 3 Bonds payable and maintenance tax notes payable are not reported in the fund financial statements. | | (90,715,000) |
| 4 Property tax revenue reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements. | | 978,978 |
| 5 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. | | (1,313,517) |
| 6 Bond and note premiums are not recognized in the fund financial statements. | | (8,399,365) |
| 7 The deferred charge on bond refundings is not recognized in the fund financial statements. | | 2,849,423 |
| 8 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$7,981,353, Deferred Inflows of Resources related to TRS Pensions in the amount of \$9,656,361, and Deferred Outflows of Resources related to TRS Pensions in the amount of \$5,576,193. This results in a decrease in Net Position in the amount of \$12,061,521. | | (12,061,521) |
| 9 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$16,764,943, a Deferred Resource Inflow related to TRS OPEB in the amount of \$12,528,168 and a Deferred Resource Outflow related to TRS OPEB in the amount of \$4,029,815. This amounted to a net decrease in Net Position in the amount of \$25,263,296. | | (25,263,296) |
| 19 Net Position of Governmental Activities | <u>\$</u> | <u>796,795</u> |

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

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

| Data Control Codes | 10 General Fund | 50 Debt Service Fund | 60 Capital Projects |
|--|-----------------------|----------------------------|---------------------------|
| REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ 26,694,442 | \$ 9,689,425 | \$ 155 |
| 5800 State Program Revenues | 35,532,687 | 566,159 | - |
| 5900 Federal Program Revenues | 2,048,857 | - | - |
| 5020 Total Revenues | <u>64,275,986</u> | <u>10,255,584</u> | <u>155</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| 0011 Instruction | 31,543,255 | - | - |
| 0012 Instructional Resources and Media Services | 674,198 | - | - |
| 0013 Curriculum and Instructional Staff Development | 1,623,620 | - | - |
| 0021 Instructional Leadership | 650,656 | - | - |
| 0023 School Leadership | 3,539,763 | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | 2,374,261 | - | - |
| 0032 Social Work Services | 116,897 | - | - |
| 0033 Health Services | 829,746 | - | - |
| 0034 Student (Pupil) Transportation | 3,178,943 | - | - |
| 0035 Food Services | - | - | - |
| 0036 Extracurricular Activities | 2,188,473 | - | - |
| 0041 General Administration | 2,633,593 | - | - |
| 0051 Facilities Maintenance and Operations | 6,069,069 | - | 623,304 |
| 0052 Security and Monitoring Services | 1,060,152 | - | - |
| 0053 Data Processing Services | 1,531,022 | - | 9,935 |
| 0061 Community Services | 1,453,809 | - | - |
| Debt Service: | | | |
| 0071 Principal on Long-Term Liabilities | 270,000 | 6,890,000 | - |
| 0072 Interest on Long-Term Liabilities | 176,000 | 3,502,054 | - |
| 0073 Bond Issuance Cost and Fees | 500 | 4,050 | - |
| Capital Outlay: | | | |
| 0081 Facilities Acquisition and Construction | 655,205 | - | 1,278,463 |
| Intergovernmental: | | | |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 324 | - | - |
| 0099 Other Intergovernmental Charges | 264,363 | - | - |
| 6030 Total Expenditures | <u>60,833,849</u> | <u>10,396,104</u> | <u>1,911,702</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>3,442,137</u> | <u>(140,520)</u> | <u>(1,911,547)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| 7915 Transfers In | - | - | 3,000,000 |
| 8911 Transfers Out (Use) | (3,000,000) | - | - |
| 7080 Total Other Financing Sources (Uses) | <u>(3,000,000)</u> | <u>-</u> | <u>3,000,000</u> |
| 1200 Net Change in Fund Balances | 442,137 | (140,520) | 1,088,453 |
| 0100 Fund Balance - July 1 (Beginning) | <u>20,140,975</u> | <u>7,031,364</u> | <u>2,592,055</u> |
| 3000 Fund Balance - June 30 (Ending) | <u>\$ 20,583,112</u> | <u>\$ 6,890,844</u> | <u>\$ 3,680,508</u> |

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

| | Other Funds | Total Governmental Funds |
|----|----------------|--------------------------------|
| \$ | 931,279 | \$ 37,315,301 |
| | 267,537 | 36,366,383 |
| | 7,825,294 | 9,874,151 |
| | 9,024,110 | 83,555,835 |
| | 2,756,123 | 34,299,378 |
| | 38,930 | 713,128 |
| | 674,498 | 2,298,118 |
| | 500 | 651,156 |
| | 121,330 | 3,661,093 |
| | 277,020 | 2,651,281 |
| | - | 116,897 |
| | 47,714 | 877,460 |
| | 4,424 | 3,183,367 |
| | 3,123,770 | 3,123,770 |
| | 134,914 | 2,323,387 |
| | 22,084 | 2,655,677 |
| | 133,351 | 6,825,724 |
| | 1,096 | 1,061,248 |
| | 386,526 | 1,927,483 |
| | 1,895 | 1,455,704 |
| | - | 7,160,000 |
| | - | 3,678,054 |
| | - | 4,550 |
| | - | 1,933,668 |
| | - | 324 |
| | - | 264,363 |
| | 7,724,175 | 80,865,830 |
| | 1,299,935 | 2,690,005 |
| | - | 3,000,000 |
| | - | (3,000,000) |
| | - | - |
| | 1,299,935 | 2,690,005 |
| | 604,642 | 30,369,036 |
| \$ | 1,904,577 | \$ 33,059,041 |

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

EXHIBIT C-4

| | |
|--|---------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 2,690,005 |
| Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the current year asset additions is to increase net position. | 3,177,970 |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements. | (4,986,109) |
| Current year long-term debt principal payments on notes payable and bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. | 7,160,000 |
| Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due. The current year decrease in accrued interest payable increases the change in net position in the government-wide financial statements. | 86,613 |
| Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide financial statements. | (146,492) |
| Bond and note premiums are not amortized in the fund financial statements, but are reported net of amortization in the government-wide financial statements. | 498,208 |
| Current year amortization of the deferred charge on bond refundings is not reported in the fund financial statements, but is shown as a reduction of the deferred charge in the government-wide financial statements. | (241,946) |
| The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2021 caused the change in the ending net position to increase \$59,145. These contributions were replaced with the District's negative pension expense for the year of \$506,644, which caused a decrease in the change in net position. The net effect of both of these is to increase the change in net position by \$565,789. | 565,789 |
| The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2021 but during the current fiscal year caused the ending net position to increase in the amount of \$21,239. These contributions were replaced with the District's OPEB negative expense for the year of \$814,337, which caused a decrease in the change in net position. The net effect of both of these is to increase the change in net position by \$835,576. | 835,576 |
| The government-wide financial statements include the removal of the cost and accumulated depreciation on the assets disposed of from the District's capital assets. | (2,285) |
| Change in Net Position of Governmental Activities | \$ 9,637,329 |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|---------------|--------------------------------|--|-------------|
| | Original | Final | | | |
| | REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 26,633,168 | \$ 26,633,168 | \$ 26,694,442 | \$ 61,274 |
| 5800 | State Program Revenues | 36,917,594 | 36,972,775 | 35,532,687 | (1,440,088) |
| 5900 | Federal Program Revenues | 950,000 | 950,000 | 2,048,857 | 1,098,857 |
| 5020 | Total Revenues | 64,500,762 | 64,555,943 | 64,275,986 | (279,957) |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 32,559,034 | 32,106,336 | 31,543,255 | 563,081 |
| 0012 | Instructional Resources and Media Services | 949,806 | 949,806 | 674,198 | 275,608 |
| 0013 | Curriculum and Instructional Staff Development | 1,679,474 | 1,673,976 | 1,623,620 | 50,356 |
| 0021 | Instructional Leadership | 746,804 | 749,074 | 650,656 | 98,418 |
| 0023 | School Leadership | 3,842,691 | 3,704,484 | 3,539,763 | 164,721 |
| 0031 | Guidance, Counseling, and Evaluation Services | 2,634,158 | 2,642,887 | 2,374,261 | 268,626 |
| 0032 | Social Work Services | 121,483 | 121,483 | 116,897 | 4,586 |
| 0033 | Health Services | 803,254 | 843,254 | 829,746 | 13,508 |
| 0034 | Student (Pupil) Transportation | 3,261,420 | 3,322,420 | 3,178,943 | 143,477 |
| 0036 | Extracurricular Activities | 2,418,606 | 2,418,986 | 2,188,473 | 230,513 |
| 0041 | General Administration | 2,765,020 | 2,795,020 | 2,633,593 | 161,427 |
| 0051 | Facilities Maintenance and Operations | 7,196,881 | 7,166,881 | 6,069,069 | 1,097,812 |
| 0052 | Security and Monitoring Services | 1,070,391 | 1,080,391 | 1,060,152 | 20,239 |
| 0053 | Data Processing Services | 1,640,749 | 1,640,749 | 1,531,022 | 109,727 |
| 0061 | Community Services | 1,992,670 | 1,777,670 | 1,453,809 | 323,861 |
| Debt Service: | | | | | |
| 0071 | Principal on Long-Term Liabilities | 285,000 | 285,000 | 270,000 | 15,000 |
| 0072 | Interest on Long-Term Liabilities | 189,500 | 189,500 | 176,000 | 13,500 |
| 0073 | Bond Issuance Cost and Fees | 500 | 500 | 500 | - |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | 113,321 | 768,526 | 655,205 | 113,321 |
| Intergovernmental: | | | | | |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | - | 49,000 | 324 | 48,676 |
| 0099 | Other Intergovernmental Charges | 230,000 | 270,000 | 264,363 | 5,637 |
| 6030 | Total Expenditures | 64,500,762 | 64,555,943 | 60,833,849 | 3,722,094 |
| 1100 | Excess of Revenues Over Expenditures | - | - | 3,442,137 | 3,442,137 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 8911 | Transfers Out (Use) | - | - | (3,000,000) | (3,000,000) |
| 1200 | Net Change in Fund Balances | - | - | 442,137 | 442,137 |
| 0100 | Fund Balance - July 1 (Beginning) | 20,140,975 | 20,140,975 | 20,140,975 | - |
| 3000 | Fund Balance - June 30 (Ending) | \$ 20,140,975 | \$ 20,140,975 | \$ 20,583,112 | \$ 442,137 |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

| | Total Custodial Funds |
|---------------------------|-----------------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 143,087 |
| Other Receivables | 383 |
| Total Assets | <u>143,470</u> |
| | |
| LIABILITIES | |
| Accounts Payable | <u>1,835</u> |
| Total Liabilities | <u>1,835</u> |
| | |
| NET POSITION | |
| Unrestricted Net Position | <u>141,635</u> |
| Total Net Position | <u><u>\$ 141,635</u></u> |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Total Custodial Funds |
|---|-----------------------------|
| ADDITIONS: | |
| Contributions to Student Groups | \$ 228,665 |
| Total Additions | <u>228,665</u> |
| DEDUCTIONS: | |
| Paid by Student Groups | <u>252,958</u> |
| Total Deductions | <u>252,958</u> |
| Change in Fiduciary Net Position | (24,293) |
| Total Net Position - July 1 (Beginning) | <u>165,928</u> |
| Total Net Position - June 30 (Ending) | <u><u>\$ 141,635</u></u> |

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

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RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Oak Independent School District's (the "District") is a public educational agency operating under the applicable rules and regulations of the State of Texas. The District's combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group elected by registered voters of the District, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board of Trustees is elected by the public. The Trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Red Oak Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** – This governmental fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This governmental fund was established to account for local funds and proceeds of the 2019 Maintenance Tax Notes to be used for various construction and renovation projects and equipment acquisitions.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and deferred outflows of resources; and liabilities (whether current or non-current) and deferred inflows of resources are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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.

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

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget was prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal period beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Food Service Fund. The other special revenue funds adopt project-length budgets. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

| June 30, 2022 <u>Fund Balance</u> | |
|---|--------------------|
| Appropriated Budget Funds – Food Service Special Revenue Fund | \$1,436,331 |
| Nonappropriated Budget Funds | <u>468,246</u> |
| All Special Revenue Funds | <u>\$1,904,577</u> |

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

F. INVENTORIES

The consumption method is used to account for inventories of paper. Under this method, paper is carried in an inventory account of the respective fund at average cost and is subsequently charged to expenditures when consumed. Other supplies are recorded as expenditures when purchased. In the governmental funds, a nonspendable category of fund balance indicates that inventories are unavailable as current expendable financial resources.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

G. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds”. Interfund loans are classified as “Advances to/from other funds” and are offset by a fund balance reserve account.

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|-------------------------|-------------|
| Buildings | 25-40 Years |
| Furniture and Equipment | 10-24 Years |

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at June 30, 2022 was \$2,849,423.

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 6.3 years.

A deferred outflow for pension expense also results from payments made to the TRS pension plan by the District after the plan’s measurement date. The total amount of deferred outflows reported in the governmental activities for deferred pension expenses at June 30, 2022 was \$5,576,193.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Deferred outflows of resources for OPEB - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2 years. The total amount of deferred outflows reported in the governmental activities for deferred OPEB expenses at June 30, 2022 was \$4,029,815.

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

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2022 was \$978,978.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five year period. In fiscal year 2022, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$9,656,361.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2 years for the 2021 measurement year). In fiscal year 2022, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$12,528,168.

J. COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation's adopted by the District or

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

L. LONG-TERM OBLIGATIONS

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

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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. RISK MANAGEMENT

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

N. ESTIMATES

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

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories as being nonspendable as these items are not expected to be converted to cash.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Food Service and other federal and state grant resources are restricted because their use is restricted pursuant to the mandates of the National School Lunch and Breakfast Program or other grant requirements.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of June 30, 2022 for campus activities, local grants, and future construction.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Board of Trustees or the Superintendent may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

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

General Fund

The General Fund has unassigned fund balance of \$20,563,264 at June 30, 2022. Inventories of \$19,848 are considered nonspendable fund balance.

Other Major Funds

The Debt Service Fund has restricted funds of \$6,890,844 at June 30, 2022 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

The local Capital Projects Fund has \$3,680,508 committed for future construction.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

Other Funds

The fund balance of \$348,456 of the Campus Activity Fund, \$31,513 of the Education Foundation Grants Fund, and \$381 of other local grant funds (all special revenue funds) are shown as committed due to Board policy committing those funds to campus activities and grant activities. The following special revenue funds fund balances are restricted by federal or state grant restrictions:

| | |
|------------------------------------|--------------------|
| National Breakfast & Lunch Program | \$1,436,331 |
| Summer Feeding Program | 58,823 |
| Advanced Placement Incentives | 20,313 |
| State Textbook Fund | 4,914 |
| Other State Programs | <u>3,846</u> |
| Total | <u>\$1,524,227</u> |

NOTE 3. DEPOSITS AND INVESTMENTS

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

1. Cash Deposits:

At June 30, 2022, the carrying amount of the District’s deposits (checking accounts and interest-bearing demand accounts) was \$1,326,536 and the bank balance was \$1,936,676. The District’s cash deposits at June 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

2. 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) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

RED OAK INDEPENDENT SCHOOL DISTRICT
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In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2022, the District’s cash deposits totaled \$1,936,676. This entire amount was either collateralized with securities held by the District’s agent or covered by FDIC insurance. Thus, the District’s deposits are not exposed to custodial credit risk.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2022, the District held investments in three public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool, TexPool Investment Pool, and TexSTAR Investment Pool at year-end was AAAm (Standard & Poor’s).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District’s investments in external investment pools is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2022, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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 fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The District's investments at June 30, 2022, are shown below:

| <u>Name</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|---------------------------|----------------------------|-----------------------|
| Lone Star Investment Pool | \$29,375,235 | \$29,375,235 |
| TexPool Investment Pool | 3,890 | 3,890 |
| TexSTAR Investment Pool | <u>9,748</u> | <u>9,748</u> |
| | <u>\$29,388,873</u> | <u>\$29,388,873</u> |

Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

| | <u>Balance July 1, 2021</u> | <u>Additions/ Completions</u> | <u>Retirement/ Adjustments</u> | <u>Balance June 30, 2022</u> |
|--|-------------------------------------|-----------------------------------|------------------------------------|--------------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 5,312,696 | \$ 655,205 | \$ - | \$ 5,967,901 |
| Construction in Progress | <u>-</u> | <u>112,439</u> | <u>-</u> | <u>112,439</u> |
| Total Capital assets not being depreciated | <u>5,312,696</u> | <u>767,644</u> | <u>-</u> | <u>6,080,340</u> |
| Capital assets, being depreciated | | | | |
| Buildings and Improvements | 149,420,981 | 1,660,474 | - | 151,081,455 |
| Furniture and Equipment | <u>9,577,368</u> | <u>749,852</u> | <u>(247,333)</u> | <u>10,079,887</u> |
| Total capital assets being depreciated | <u>158,998,349</u> | <u>2,410,326</u> | <u>(247,333)</u> | <u>161,161,342</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Improvements | (54,983,687) | (4,279,705) | - | (59,263,392) |
| Furniture and Equipment | <u>(5,854,882)</u> | <u>(706,404)</u> | <u>245,048</u> | <u>(6,316,238)</u> |
| Total accumulated depreciation | <u>(60,838,569)</u> | <u>(4,986,109)</u> | <u>245,048</u> | <u>(65,579,630)</u> |
| Total capital assets, being depreciated, net | <u>98,159,780</u> | <u>(2,575,783)</u> | <u>(2,285)</u> | <u>95,581,712</u> |
| Governmental activities capital assets, net | <u>\$103,472,476</u> | <u>\$(1,808,139)</u> | <u>\$(2,285)</u> | <u>\$101,662,052</u> |

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Depreciation expense was charged as direct expense to programs of the District as follows:

| | |
|--|--------------------|
| Governmental activities: | |
| Instruction | \$2,203,081 |
| Instructional Resources & Media Services | 31,997 |
| Curriculum & Staff Development | 31,090 |
| Instructional Leadership | 63,613 |
| School Leadership | 218,047 |
| Guidance, Counseling & Evaluation Services | 157,220 |
| Health Services | 30,970 |
| Transportation | 544,267 |
| Food Services | 127,209 |
| Extracurricular Activities | 515,528 |
| General Administration | 38,215 |
| Plant Maintenance and Operations | 484,338 |
| Security & Monitoring Services | 412,536 |
| Data Processing Services | 99,828 |
| Community Services | 28,170 |
| Total depreciation expense-Governmental activities | <u>\$4,986,109</u> |

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental activities.

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

The following is a summary of the changes in the District's Long-term Debt for the year ended June 30, 2022:

| <u>Description</u> | <u>Interest Rate Payable</u> | <u>Original Issue Amount</u> | <u>Amounts Outstanding 7/1/21</u> | <u>Additions</u> | <u>Retired</u> | <u>Amounts Outstanding 6/30/22</u> | <u>Due Within One Year</u> |
|----------------------------------|--------------------------------------|--------------------------------------|---|------------------|--------------------|--|------------------------------------|
| Bonded Indebtedness: | | | | | | | |
| 2012 School Refunding | 1.50-3.00% | 8,780,000 | \$ 3,905,000 | \$ - | \$3,905,000 | \$ - | \$ - |
| 2013 School Refunding | 1.50-4.00% | 6,910,000 | 4,560,000 | - | 515,000 | 4,045,000 | 530,000 |
| 2014 School Refunding | 2.00-4.00% | 8,610,000 | 7,495,000 | - | 515,000 | 6,980,000 | 530,000 |
| 2015 School Refunding | 1.30-3.75% | 8,770,000 | 7,550,000 | - | 480,000 | 7,070,000 | 495,000 |
| 2016 School Refunding | 2.00-4.00% | 8,780,000 | 8,625,000 | - | 25,000 | 8,600,000 | 25,000 |
| 2017 School Refunding | 3.25-5.00% | 45,775,000 | 44,465,000 | - | 955,000 | 43,510,000 | 990,000 |
| 2019 School Refunding | 3.00-4.00% | 8,225,000 | 7,990,000 | - | 245,000 | 7,745,000 | 250,000 |
| 2019A School Refunding | 3.00-5.00% | 8,900,000 | 8,665,000 | - | 250,000 | 8,415,000 | 260,000 |
| Total Bonded Indebtedness | | | 93,255,000 | - | 6,890,000 | 86,365,000 | 3,080,000 |
| Premiums on Bonds | | | 8,447,211 | - | 471,888 | 7,975,323 | - |
| Premium on Maintenance Tax Notes | | | 450,362 | - | 26,320 | 424,042 | - |
| Maintenance Tax Notes - 2019 | 3.00-5.00% | | 4,620,000 | - | 270,000 | 4,350,000 | 285,000 |
| Total Obligations of District | | | <u>\$106,772,573</u> | <u>\$ -</u> | <u>\$7,658,208</u> | <u>\$99,114,365</u> | <u>\$3,365,000</u> |

RED OAK INDEPENDENT SCHOOL DISTRICT
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General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bond indentures. Management has indicated the District is in compliance with all significant limitations and restrictions at June 30, 2022.

Presented below is a summary of general obligation bond requirements to maturity:

| Year Ended June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|------------------------|---------------------|---------------------|-------------------------------|
| 2023 | \$ 3,080,000 | \$ 3,286,763 | \$ 6,366,763 |
| 2024 | 3,225,000 | 3,155,913 | 6,380,913 |
| 2025 | 3,335,000 | 3,022,088 | 6,357,088 |
| 2026 | 3,480,000 | 2,886,200 | 6,366,200 |
| 2027 | 3,600,000 | 2,746,088 | 6,346,088 |
| 2028-2032 | 24,335,000 | 10,854,954 | 35,189,954 |
| 2033-2037 | 29,800,000 | 5,373,000 | 35,173,000 |
| 2038-2042 | <u>15,510,000</u> | <u>578,625</u> | <u>16,088,625</u> |
| | <u>\$86,365,000</u> | <u>\$31,903,631</u> | <u>\$118,268,631</u> |

NOTE 6. DEFERRED CHARGE ON BOND REFUNDINGS

The District's deferred charge on bond refundings as of June 30, 2022 is as follows:

| | |
|---------------------------|--------------------|
| Balance – June 30, 2021 | \$3,091,369 |
| Current year amortization | <u>(241,946)</u> |
| Balance – June 30, 2022 | <u>\$2,849,423</u> |

NOTE 7. NOTES PAYABLE

The District issued \$5,225,000 of Maintenance Tax Notes on August 20, 2019. The notes were issued with interest rates from 3.0% to 5.0%. The net proceeds of \$5,650,000 (\$5,225,000 par amount of notes plus \$509,338 of net premium received on the notes, less \$84,338 of underwriting fees and other issuance costs) were to be used for construction, renovations, and equipment acquisition.

Future maintenance tax notes debt service requirements to maturity are as follows:

| Year Ended June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
|------------------------|--------------------|--------------------|-------------------------------|
| 2023 | \$ 285,000 | \$ 162,500 | \$ 447,500 |
| 2024 | 300,000 | 148,250 | 448,250 |
| 2025 | 315,000 | 133,250 | 448,250 |
| 2026 | 330,000 | 117,500 | 447,500 |
| 2027-2031 | 1,855,000 | 382,550 | 2,237,550 |
| 2032-2034 | <u>1,265,000</u> | <u>76,650</u> | <u>1,341,650</u> |
| | <u>\$4,350,000</u> | <u>\$1,020,700</u> | <u>\$5,370,700</u> |

RED OAK INDEPENDENT SCHOOL DISTRICT
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NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) 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 upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2021-22 fiscal period was based on was \$2,762,907,727. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9603 and \$0.3653 per \$100 valuation, respectively, for a total of \$1.3256 per \$ 100 valuation.

Current tax collections for the year ended June 30, 2022 were 98.63% of the June 30, 2022 adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. 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. As of June 30, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$723,629 and \$255,349 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenue at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

NOTE 9. PROPERTY TAX ABATEMENT AGREEMENT

The District entered into an agreement with Triumph Aerostructures, LLC in 2013 to assist in the development of their new facilities and the economic development of the region. The Agreement limits the appraised value on their property for the maintenance and operations (M&O) taxes on their property and started in the 2016 tax year.

Starting with the 2020 tax year, the taxable assessed value of Triumph was below the limitation thresholds so there was no variance between the M&O taxable value and the I&S taxable value. The same is true for the 2021-2022 tax year. In the spring of 2021, Triumph sold the Red Oak facility to Arlington Capital and the facility was renamed Qarbon Aerospace.

NOTE 10. DEFINED BENEFIT PENSION PLAN

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

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

RED OAK INDEPENDENT SCHOOL DISTRICT
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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 (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://trs.texas.gov/pages/aboutpublications.aspx>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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

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

| | <u>Contribution Rates</u> | |
|---|---------------------------|--------------|
| | <u>2021</u> | <u>2022</u> |
| Member | 7.7% | 8.0% |
| Non-Employer Contributing Entity (State) | 7.5% | 7.75% |
| Employers | 7.5% | 7.75% |
| Red Oak ISD FY2022 Employer Contributions | | \$ 1,411,773 |
| Red Oak ISD FY2022 Member Contributions | | \$ 3,575,312 |
| Red Oak ISD FY2022 NECE On-Behalf Contributions | | \$ 2,626,638 |

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 the 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, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

RED OAK INDEPENDENT SCHOOL DISTRICT
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- 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 or a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public school, the employer shall contribute 1.5% of covered payroll to the pension fund beginning in fiscal year 2020. The contribution rate called the Public Education Employer Contribution replaced the Non (OASDI) surcharge that was in effect in fiscal year 2019.
- All public schools must contribute 1.6 percent of the member's salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.

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

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

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

| | |
|--|---|
| Valuation Date | August 31, 2020 rolled forward to August 31, 2021 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Asset Valuation Method | Market Value |
| Single Discount Rate | 7.25% |
| Long-term expected Investment Rate of Return | 7.25% |
| Municipal Bond Rate as of August 2020 | 1.95% |
| Inflation | 2.30% |
| Salary Increases Including Inflation | 3.05% to 9.05% |
| Benefit Changes During the Year | None |
| Ad hoc Post Employment Benefit Changes | None |

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

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

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

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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:

| Asset Class | Target Allocation ¹ | Long-Term Expected Arithmetic Real Rate of Return ² | Expected Contribution To Long-Term Portfolio Returns |
|------------------------------|--------------------------------|--|--|
| Global Equity | | | |
| U.S. | 18% | 3.6% | 0.94% |
| Non-U.S. Developed | 13% | 4.4% | 0.83% |
| Emerging Markets | 9% | 4.6% | 0.74% |
| Private Equity | 14% | 6.3% | 1.36% |
| Stable Value | | | |
| Government Bonds | 16% | -.2% | 0.01% |
| Stable Value Hedge Funds | 5% | 2.2% | 0.12% |
| Real Return | | | |
| Real Estate | 15% | 4.5% | 1.00% |
| Energy, Natural Resources | 6% | 4.7% | 0.35% |
| Risk Parity | | | |
| Risk Parity | 8% | 2.8% | 0.28% |
| Leverage | | | |
| Cash | 2% | -.7% | -0.01% |
| Asset Allocation Leverage | -6% | -.5% | 0.03% |
| Inflation Expectation | - | | 2.20% |
| Volatility Drag ³ | - | | -0.95% |
| Total | <u>100%</u> | | <u>6.90%</u> |

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

| | 1% Decrease in Discount Rate (6.25%) | Discount Rate (7.25%) | 1% Increase in Discount Rate (8.25%) |
|---|--------------------------------------|-----------------------|--------------------------------------|
| Red Oak ISD's proportionate share of the net pension liability: | \$17,440,525 | \$7,981,353 | \$307,095 |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, Red Oak Independent School District reported a liability of \$7,981,353 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Red Oak Independent School District. The amount recognized by Red Oak Independent School 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 Red Oak Independent School District were as follows:

¹ Target allocations are based on the FY21 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021).

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

| | |
|--|---------------------|
| District's Proportionate share of the collective net pension liability | \$ 7,981,353 |
| State's proportionate share that is associated with the District | <u>14,462,630</u> |
| Total | <u>\$22,443,983</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 0.031340646%, an increase of 8.18% from its proportionate share of 0.0289716% at August 31, 2020.

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

For the year ended June 30, 2022, Red Oak Independent School District recognized pension expense of \$2,626,638 and revenue of \$2,626,638 for support provided by the State.

At June 30, 2022, Red Oak Independent School 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 (The amounts shown below will be the cumulative layers from the current and prior years combined.):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 13,357 | \$ 561,894 |
| Changes in actuarial assumptions | 2,821,252 | 1,229,824 |
| Difference between projected and actual investment earnings | - | 6,692,261 |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 1,572,406 | 1,172,382 |
| Contributions paid to TRS subsequent to the measurement date | 1,169,178 | - |
| Total | \$5,576,193 | \$9,656,361 |

The net amounts of the District's balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | Pension Expense Amount |
|---------------------|------------------------|
| 2023 | \$ (900,049) |
| 2024 | (828,724) |
| 2025 | (1,564,193) |
| 2026 | (2,047,077) |
| 2027 | 51,947 |
| Thereafter | 38,750 |

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

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

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

* or surviving spouse

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent 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.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Contribution Rates</u> | |
|--|---------------------------|------------------|
| | <u>2021</u> | <u>2022</u> |
| Active Employee | 0.65% | 0.65% |
| Non-Employer Contributing Entity (State) | 1.25% | 1.25% |
| Employers | 0.75% | 0.75% |
| Federal/private Funding remitted by Employers | 1.25% | 1.25% |
| Red Oak ISD FY22 Employer Contributions | | \$362,961 |
| Red Oak ISD FY22 Member Contributions | | \$291,266 |
| Red Oak ISD FY22 NECE On-behalf Contributions | | \$489,853 |

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 hiring a TRS retiree, employers are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021.

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

The 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 | General Inflation |
| Rates of Retirement | Wage Inflation |
| Rates of Termination | Expected Payroll Growth |
| Rates of Disability | |

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

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

Additional Actuarial Methods and Assumptions:

| | |
|--|--|
| Valuation Date | August 31, 2020 rolled forward to August 31, 2021 |
| Actuarial Cost Method | Individual Entry Age Normal |
| Inflation | 2.30% |
| Single Discount Rate | 1.95% |
| Aging Factors | Based on specific plan experience |
| Expenses | Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs |
| Projected Salary Increases | 3.05% to 9.05%, including inflation |
| Election Rates | Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65 |
| Ad hoc post-employment benefit changes | None |

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the fixed-income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

| | 1% Decrease in Discount Rate (0.95%) | Current Single Discount Rate (1.95%) | 1% Increase in Discount Rate (2.95%) |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| District’s proportionate share of the Net OPEB Liability: | \$20,222,384 | \$16,764,943 | \$14,043,824 |

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

| | 1% Decrease in Healthcare Trend Rate | Current Single Healthcare Trend Rate | 1% Increase in Healthcare Trend Rate |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| District’s proportionate share of the Net OPEB Liability: | \$13,579,048 | \$16,764,943 | \$21,039,622 |

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2022, the District reported a liability of \$16,764,943 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 | \$16,764,943 |
| State’s proportionate share that is associated with the District | <u>\$22,461,287</u> |
| Total | <u>\$39,226,230</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 employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021 the employer’s proportion of the collective Net OPEB Liability was 0.043461241%, a decrease of 0.08% compared to the August 31, 2020 proportionate share of 0.0434976%.

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

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

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

The amount of OPEB expense recognized by the District in the reporting period was \$362,961.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual economic experience | \$ 721,810 | \$ 8,115,405 |
| Changes in actuarial assumptions | 1,856,914 | 3,545,475 |
| Difference between projected and actual investment earnings | 18,201 | - |
| Changes in proportion and difference between the employer's contributions and the proportionate share of contributions | 1,830,223 | 867,288 |
| Contributions paid to TRS subsequent to the measurement date | 302,667 | - |
| Total | \$4,029,815 | \$12,528,168 |

The net amounts of the employer’s balances of deferred outflows and inflows of resources (not including the deferred contribution paid subsequent to the measurement date) related to OPEB will be recognized in OPEB expense as follows:

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

| Year ended June 30: | OPEB Expense Amount |
|---------------------|---------------------|
| 2023 | \$ (1,681,418) |
| 2024 | (1,681,829) |
| 2025 | (1,681,716) |
| 2026 | (1,240,423) |
| 2027 | (642,979) |
| Thereafter | (1,872,655) |

NOTE 12. MEDICARE PART D

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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2022, 2021 and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$140,639, \$177,399 and \$178,302, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

NOTE 13. INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2022 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2022.

| Fund | Due from <u>Other Funds</u> | Due to <u>Other Funds</u> |
|-----------------------------------|--------------------------------|------------------------------|
| Major Governmental Funds: | | |
| General Fund: | | |
| Special Revenue Funds | \$1,474,280 | \$ - |
| Capital Projects Fund | - | 3,810,617 |
| Capital Projects Fund: | | |
| General Fund | <u>3,810,617</u> | <u>-</u> |
| Total Major Governmental Funds | <u>5,284,897</u> | <u>3,810,617</u> |
| Nonmajor Governmental Funds: | | |
| Special Revenue Funds: | | |
| General Fund | <u>-</u> | <u>1,474,280</u> |
| Total Nonmajor Governmental Funds | <u>-</u> | <u>1,474,280</u> |
| Total | <u>\$5,284,897</u> | <u>\$5,284,897</u> |

During the year ended June 30, 2022, the District transferred \$3,000,000 from the General Fund to the local Capital Projects Fund to provide funds for construction projects.

NOTE 14. HEALTH CARE

During the year ended June 30, 2022, employees of Red Oak Independent School District were covered by a health insurance plan (the Plan). The District contributed between \$250 and \$265 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

NOTE 15. WORKERS COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Self-Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$267,287 for the 21-22 fiscal year. Additionally, the District incurred fixed costs of \$59,968 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims Administrative Services, Inc provides claims administration. Reinsurance is provided for aggregate claim losses exceeding \$500,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers compensation self-insurance of \$383,810 includes incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers compensation claims liability amount for fiscal years 2022 and 2021 are shown below:

| Fiscal Period | Beginning Claims Liability | Claims and Changes in Estimates | Claims Payments | Ending Claims Liability |
|------------------|----------------------------------|---------------------------------------|--------------------|-------------------------------|
| 2022 | \$380,620 | \$ 99,068 | \$ 95,878 | \$383,810 |
| 2021 | 269,512 | 231,998 | 120,890 | 380,620 |

NOTE 16. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the state through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2022, are summarized below. All federal grants shown below are passed through the TEA and are reported on the financial statements as Due from Other Governments.

| Fund | State Grants | Federal Grants | Local Governments | Total |
|-----------------------|--------------------|--------------------|----------------------|--------------------|
| General Fund | \$8,147,728 | \$ - | \$ 4,171 | \$ 8,151,899 |
| Special Revenue Funds | 45,094 | 1,581,869 | - | 1,626,963 |
| Debt Service Fund | - | - | 1,621 | 1,621 |
| Total | <u>\$8,192,822</u> | <u>\$1,581,869</u> | <u>\$ 5,792</u> | <u>\$9,780,483</u> |

NOTE 17. LITIGATION AND CONTINGENCIES

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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 18. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2022, revenues from local and intermediate sources in the fund financial statements consisted of the following:

| | General Fund | Special Revenue Funds | Debt Service Fund | Capital Projects Fund | Total |
|---|---------------------|--------------------------|----------------------|--------------------------|---------------------|
| Property Taxes | \$25,297,906 | \$ - | \$9,611,004 | \$ - | \$34,908,910 |
| Food sales | - | 437,845 | - | - | 437,845 |
| Investment Income | 40,323 | 2,868 | 11,169 | 155 | 54,515 |
| Penalties, interest and other tax related income | 185,868 | - | 67,252 | - | 253,120 |
| Co-curricular student activities | 75,231 | 478,664 | - | - | 553,895 |
| Other | <u>1,095,114</u> | <u>11,902</u> | <u>-</u> | <u>-</u> | <u>1,107,016</u> |
| Total | <u>\$26,694,442</u> | <u>\$ 931,279</u> | <u>\$9,689,425</u> | <u>\$ 155</u> | <u>\$37,315,301</u> |

NOTE 19. UNEARNED REVENUE

Unearned revenue at June 30, 2022 consisted of the following:

| | General Fund | Special Revenue Fund | Debt Service Fund | Total |
|-------------------------|-----------------|----------------------------|-------------------------|-----------------|
| Child nutrition program | \$ - | \$28,539 | \$ - | \$28,539 |
| Other | <u>500</u> | <u>-</u> | <u>-</u> | <u>500</u> |
| | <u>\$ 500</u> | <u>\$28,539</u> | <u>\$ -</u> | <u>\$29,039</u> |

NOTE 20. RISKS AND UNCERTAINTIES

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness, mitigation and reopening.

On June 3, 2021, TEA issued updated public planning health guidance to address on-campus instruction, administrative activities by teachers, staff or students that occur on school campuses, non-UIL extracurricular sports and activities, and any other activities that teachers, staff, or students must complete. Within the guidance, TEA instructs schools that school systems cannot require students or staff to wear a mask; however, school systems must allow individuals to wear a mask if they choose to do so.

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Within the guidance, TEA instructs schools to notify their local health department, in accordance with applicable federal, state, and local laws and regulations, including any applicable confidentiality requirements, of individuals who have been in a school and test-confirmed to have COVID-19. Additionally, upon receipt of information that any teacher, staff member, student, or visitor at a school is test-confirmed to have COVID-19, the school must submit a report to the Texas Department of Health Services via its online portal.

During the 87th Legislative Session, the Texas Legislature failed to pass legislation that would include virtual learning in ADA calculations. As a result, the 2021-2022 school year began with funding based on in-person attendance. During the second called special session, the Texas Legislature adopted Senate Bill 15, which allows virtual instruction attendance to be used for ADA funding purposes under certain circumstances. The District does not currently expect that all virtual instruction attendance will qualify for ADA funding. A return to funding based on actual attendance during the Pandemic may have a negative impact on revenues available to the District for operations and maintenance if the District does not qualify for the additional hold harmless periods or if students do not take part in the instruction options made available by the District. TEA announced on August 5, 2021 that a school district has the authority to provide remote instruction to a student if the school district meets certain state and federal requirements. Students receiving remote instruction are considered enrolled, but do not meet the requirements for ADA funding. Further, on March 29, 2022, TEA issued guidance on the calculation of the ADA hold harmless for the 2021-2022 school year, providing that each district will receive an adjustment to ADA such that the total percentage attendance rate for the first four six weeks of the 2021-2022 school year that is equal to the attendance rate for the first four six weeks of the 2019-2020 school year.

The full extent of the ongoing impact of COVID-19 on the District's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The District continues to monitor the spread of COVID-19 and is working with local, State and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. The District's bonded debt is secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

REQUIRED SUPPLEMENTARY INFORMATION

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|--|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Pension Liability (Asset) | 0.031340646% | 0.0289716% | 0.0323693% |
| District's Proportionate Share of Net Pension Liability (Asset) | \$ 7,981,353 | \$ 15,516,609 | \$ 16,826,596 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | 14,462,630 | 31,194,241 | 29,619,459 |
| Total | \$ 22,443,983 | \$ 46,710,850 | \$ 46,446,055 |
| District's Covered Payroll | \$ 43,084,258 | \$ 41,236,006 | \$ 39,609,164 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 18.52% | 37.63% | 42.48% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 88.79% | 75.54% | 75.24% |

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

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

| <u>FY 2019</u> <u>Plan Year 2018</u> | <u>FY 2018</u> <u>Plan Year 2017</u> | <u>FY 2017</u> <u>Plan Year 2016</u> | <u>FY 2016</u> <u>Plan Year 2015</u> | <u>FY 2015</u> <u>Plan Year 2014</u> |
|---|---|---|---|---|
| 0.0313381% | 0.0310394% | 0.0266819% | 0.0326901% | 0.0190656% |
| \$ 17,249,246 | \$ 9,924,734 | \$ 10,082,687 | \$ 11,555,515 | 5,092,685 |
| 31,457,583 | 18,692,496 | 24,696,717 | 22,028,279 | 18,492,251 |
| <u>\$ 48,706,829</u> | <u>\$ 28,617,230</u> | <u>\$ 34,779,404</u> | <u>\$ 33,583,794</u> | <u>\$ 23,584,936</u> |
| \$ 37,473,564 | \$ 36,130,933 | \$ 35,316,762 | \$ 34,890,278 | 32,591,686 |
| 46.03% | 27.47% | 28.55% | 33.12% | 15.63% |
| 73.74% | 82.17% | 78.00% | 78.43% | 83.25% |

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

| | 2022 | 2021 | 2020 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 1,411,773 | \$ 1,305,132 | \$ 1,179,164 |
| Contribution in Relation to the Contractually Required Contribution | (1,411,773) | (1,305,132) | (1,179,164) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 44,830,408 | \$ 42,387,934 | \$ 40,977,144 |
| Contributions as a Percentage of Covered Payroll | 3.15% | 3.08% | 2.88% |

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

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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-------------|---------------|---------------|---------------|---------------|
| \$ | 1,132,623 | \$ 1,039,028 | \$ 991,363 | \$ 971,446 | \$ 888,902 |
| | (1,132,623) | (1,039,028) | (991,363) | (971,446) | (888,902) |
| \$ | - | \$ - | \$ - | \$ - | \$ - |
| \$ | 39,427,555 | \$ 37,140,348 | \$ 36,081,222 | \$ 35,196,159 | \$ 34,491,916 |
| | 2.87% | 2.80% | 2.75% | 2.76% | 2.58% |

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2022

| | FY 2022 Plan Year 2021 | FY 2021 Plan Year 2020 | FY 2020 Plan Year 2019 |
|---|---------------------------|---------------------------|---------------------------|
| District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits | 0.043461241% | 0.0434976% | 0.0452261% |
| District's Proportionate Share of Net OPEB Liability (Asset) | \$ 16,764,943 | \$ 16,535,394 | \$ 21,387,970 |
| State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District | 22,461,287 | 22,219,606 | 28,419,826 |
| Total | <u>\$ 39,226,230</u> | <u>\$ 38,755,000</u> | <u>\$ 49,807,796</u> |
| District's Covered Payroll | \$ 43,084,258 | \$ 41,236,006 | \$ 39,609,164 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | 38.91% | 40.10% | 54.00% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 6.18% | 4.99% | 2.66% |

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

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

| FY 2019 | | FY 2018 | |
|-----------------------|-------------------|-----------------------|-------------------|
| <u>Plan Year 2018</u> | | <u>Plan Year 2017</u> | |
| | 0.0440646% | | 0.0421796% |
| \$ | 22,001,876 | \$ | 18,342,308 |
| | 32,634,849 | | 28,878,835 |
| \$ | <u>54,636,725</u> | \$ | <u>47,221,143</u> |
| \$ | 37,473,564 | \$ | 36,130,933 |
| | 58.56% | | 50.77% |
| | 1.57% | | 0.91% |

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2022

| | 2022 | 2021 | 2020 |
|---|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 362,961 | \$ 336,462 | \$ 329,016 |
| Contribution in Relation to the Contractually Required Contribution | (362,961) | (336,462) | (329,016) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 44,830,408 | \$ 42,387,934 | \$ 40,977,144 |
| Contributions as a Percentage of Covered Payroll | 0.81% | 0.79% | 0.80% |

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

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

| | 2019 | 2018 |
|----|------------|---------------|
| \$ | 310,971 | \$ 284,109 |
| | (310,971) | (284,109) |
| \$ | - | \$ - |
| \$ | 39,427,555 | \$ 37,140,348 |
| | 0.79% | 0.76% |

RED OAK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

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

COMBINING SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 224 IDEA - Part B Formula | 225 IDEA - Part B Preschool | 240 National Breakfast and Lunch Program | |
|--------------------------|--|---------------------------------|-----------------------------------|---|---------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ - | \$ - | \$ - | \$ 1,841,115 |
| 1240 | Due from Other Governments | 328,041 | 543,674 | 9,654 | 28,283 |
| 1290 | Other Receivables | - | - | - | 156 |
| 1000 | Total Assets | <u>\$ 328,041</u> | <u>\$ 543,674</u> | <u>\$ 9,654</u> | <u>\$ 1,869,554</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts Payable | \$ 810 | \$ 1,492 | \$ - | \$ 2,052 |
| 2150 | Payroll Deductions and Withholdings Payable | - | - | - | 121 |
| 2160 | Accrued Wages Payable | 71,702 | 153,760 | 3,289 | 121,697 |
| 2170 | Due to Other Funds | 255,529 | 388,422 | 6,365 | 280,814 |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Unearned Revenue | - | - | - | 28,539 |
| 2000 | Total Liabilities | <u>328,041</u> | <u>543,674</u> | <u>9,654</u> | <u>433,223</u> |
| FUND BALANCES | | | | | |
| Restricted Fund Balance: | | | | | |
| 3450 | Federal or State Funds Grant Restriction | - | - | - | 1,436,331 |
| Committed Fund Balance: | | | | | |
| 3545 | Other Committed Fund Balance | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,436,331</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 328,041</u> | <u>\$ 543,674</u> | <u>\$ 9,654</u> | <u>\$ 1,869,554</u> |

| 242 Summer Feeding Program | 244 Career and Technical - Basic Grant | 255 ESEA II,A Training and Recruiting | 263 Title III, A English Lang. Acquisition | 281 ESSER II CRRSA Act Supplemental | 282 ESSER III ARP Act | 283 ESSER-SUPP | 289 Other Federal Special Revenue Funds |
|-------------------------------------|---|--|---|--|-----------------------------|-------------------|--|
| \$ 58,823 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 18,259 | 56,821 | 28,433 | 63,960 | 466,119 | 19,264 | 19,361 |
| - | - | - | - | - | - | - | - |
| <u>\$ 58,823</u> | <u>\$ 18,259</u> | <u>\$ 56,821</u> | <u>\$ 28,433</u> | <u>\$ 63,960</u> | <u>\$ 466,119</u> | <u>\$ 19,264</u> | <u>\$ 19,361</u> |
| \$ - | \$ 503 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 187 |
| - | - | - | - | - | - | - | - |
| - | - | 15,859 | 1,852 | - | 105,754 | - | - |
| - | 17,756 | 40,962 | 26,581 | 63,960 | 360,365 | 14,264 | 19,174 |
| - | - | - | - | - | - | 5,000 | - |
| - | - | - | - | - | - | - | - |
| - | 18,259 | 56,821 | 28,433 | 63,960 | 466,119 | 19,264 | 19,361 |
| 58,823 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>58,823</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 58,823</u> | <u>\$ 18,259</u> | <u>\$ 56,821</u> | <u>\$ 28,433</u> | <u>\$ 63,960</u> | <u>\$ 466,119</u> | <u>\$ 19,264</u> | <u>\$ 19,361</u> |

RED OAK INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022

| Data Control Codes | 397 Advanced Placement Incentives | 410 State Instructional Materials | 429 Other State Special Revenue Funds | 461 Campus Activity Funds | |
|--------------------------|---|--|--|------------------------------------|-------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ 20,313 | \$ 3,139 | \$ 3,846 | \$ 361,436 |
| 1240 | Due from Other Governments | - | 45,094 | - | - |
| 1290 | Other Receivables | - | - | - | - |
| 1000 | Total Assets | <u>\$ 20,313</u> | <u>\$ 48,233</u> | <u>\$ 3,846</u> | <u>\$ 361,436</u> |
| LIABILITIES | | | | | |
| 2110 | Accounts Payable | \$ - | \$ 43,319 | \$ - | \$ 9,367 |
| 2150 | Payroll Deductions and Withholdings Payable | - | - | - | - |
| 2160 | Accrued Wages Payable | - | - | - | 3,525 |
| 2170 | Due to Other Funds | - | - | - | 88 |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Unearned Revenue | - | - | - | - |
| 2000 | Total Liabilities | <u>-</u> | <u>43,319</u> | <u>-</u> | <u>12,980</u> |
| FUND BALANCES | | | | | |
| Restricted Fund Balance: | | | | | |
| 3450 | Federal or State Funds Grant Restriction | 20,313 | 4,914 | 3,846 | - |
| Committed Fund Balance: | | | | | |
| 3545 | Other Committed Fund Balance | - | - | - | 348,456 |
| 3000 | Total Fund Balances | <u>20,313</u> | <u>4,914</u> | <u>3,846</u> | <u>348,456</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 20,313</u> | <u>\$ 48,233</u> | <u>\$ 3,846</u> | <u>\$ 361,436</u> |

| 481 Education Foundation Grants | 483 Project Lead the Way | 484 STEM Lab Grant | Total Nonmajor Governmental Funds |
|--|-----------------------------------|-----------------------------|--|
| \$ 35,820 | \$ 1 | \$ 380 | \$ 2,324,873 |
| - | - | - | 1,626,963 |
| - | - | - | 156 |
| <u>\$ 35,820</u> | <u>\$ 1</u> | <u>\$ 380</u> | <u>\$ 3,951,992</u> |
| | | | |
| \$ 4,307 | \$ - | \$ - | \$ 62,037 |
| - | - | - | 121 |
| - | - | - | 477,438 |
| - | - | - | 1,474,280 |
| - | - | - | 5,000 |
| - | - | - | 28,539 |
| <u>4,307</u> | <u>-</u> | <u>-</u> | <u>2,047,415</u> |
| | | | |
| - | - | - | 1,524,227 |
| | | | |
| 31,513 | 1 | 380 | 380,350 |
| <u>31,513</u> | <u>1</u> | <u>380</u> | <u>1,904,577</u> |
| | | | |
| <u>\$ 35,820</u> | <u>\$ 1</u> | <u>\$ 380</u> | <u>\$ 3,951,992</u> |

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

| Data Control Codes | 211 ESEA I, A Improving Basic Program | 224 IDEA - Part B Formula | 225 IDEA - Part B Preschool | 240 National Breakfast and Lunch Program |
|---|--|---------------------------------|-----------------------------------|---|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ 440,713 |
| 5800 State Program Revenues | - | - | - | 98,662 |
| 5900 Federal Program Revenues | 567,043 | 1,152,369 | 20,562 | 3,908,453 |
| 5020 Total Revenues | 567,043 | 1,152,369 | 20,562 | 4,447,828 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 337,479 | 918,368 | 20,562 | - |
| 0012 Instructional Resources and Media Services | - | - | - | - |
| 0013 Curriculum and Instructional Staff Development | 210,180 | 86,063 | - | - |
| 0021 Instructional Leadership | - | 500 | - | - |
| 0023 School Leadership | - | - | - | - |
| 0031 Guidance, Counseling, and Evaluation Services | - | 147,438 | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | 3,123,770 |
| 0036 Extracurricular Activities | - | - | - | - |
| 0041 General Administration | 19,384 | - | - | - |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | - | - | - | - |
| 6030 Total Expenditures | 567,043 | 1,152,369 | 20,562 | 3,123,770 |
| 1200 Net Change in Fund Balance | - | - | - | 1,324,058 |
| 0100 Fund Balance - July 1 (Beginning) | - | - | - | 112,273 |
| 3000 Fund Balance - June 30 (Ending) | \$ - | \$ - | \$ - | \$ 1,436,331 |

| 242 | 244 | 255 | 263 | 281 | 282 | 283 | 289 |
|------------------------|------------------------------------|-----------------------------------|--|---------------------------------|-------------------|------------|-------------------------------------|
| Summer Feeding Program | Career and Technical - Basic Grant | ESEA II,A Training and Recruiting | Title III, A English Lang. Acquisition | ESSER II CRRSA Act Supplemental | ESSER III ARP Act | ESSER-SUPP | Other Federal Special Revenue Funds |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | 53,593 | 118,747 | 81,182 | 153,838 | 1,476,182 | 169,664 | 123,661 |
| - | 53,593 | 118,747 | 81,182 | 153,838 | 1,476,182 | 169,664 | 123,661 |
| - | 49,920 | 95,382 | 80,182 | - | 713,472 | 169,664 | 17,943 |
| - | - | - | - | - | - | - | - |
| - | 3,673 | 23,365 | 1,000 | - | 317,625 | - | 32,000 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 100,626 | - | - |
| - | - | - | - | - | 47,714 | - | - |
| - | - | - | - | - | - | - | 4,424 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 63,960 | 97 | - | 69,294 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 89,878 | 296,648 | - | - |
| - | - | - | - | - | - | - | - |
| - | 53,593 | 118,747 | 81,182 | 153,838 | 1,476,182 | 169,664 | 123,661 |
| - | - | - | - | - | - | - | - |
| 58,823 | - | - | - | - | - | - | - |
| \$ 58,823 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

| Data Control Codes | 397 Advanced Placement Incentives | 410 State Instructional Materials | 429 Other State Special Revenue Funds | 461 Campus Activity Funds |
|---|--|--|--|------------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ 490,566 |
| 5800 State Program Revenues | - | 167,839 | - | 1,036 |
| 5900 Federal Program Revenues | - | - | - | - |
| 5020 Total Revenues | - | 167,839 | - | 491,602 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | - | 167,839 | - | 170,846 |
| 0012 Instructional Resources and Media Services | - | - | - | 38,930 |
| 0013 Curriculum and Instructional Staff Development | - | - | - | 592 |
| 0021 Instructional Leadership | - | - | - | - |
| 0023 School Leadership | - | - | - | 121,330 |
| 0031 Guidance, Counseling, and Evaluation Services | - | - | - | 28,956 |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Extracurricular Activities | - | - | - | 134,914 |
| 0041 General Administration | - | - | - | 2,700 |
| 0051 Facilities Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | 1,096 |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | - | - | - | 1,895 |
| 6030 Total Expenditures | - | 167,839 | - | 501,259 |
| 1200 Net Change in Fund Balance | - | - | - | (9,657) |
| 0100 Fund Balance - July 1 (Beginning) | 20,313 | 4,914 | 3,846 | 358,113 |
| 3000 Fund Balance - June 30 (Ending) | \$ 20,313 | \$ 4,914 | \$ 3,846 | \$ 348,456 |

| 481 Education Foundation Grants | 483 Project Lead the Way | 484 STEM Lab Grant | Total Nonmajor Governmental Funds |
|--|-----------------------------------|-----------------------------|--|
| \$ - | \$ - | \$ - | \$ 931,279 |
| - | - | - | 267,537 |
| - | - | - | 7,825,294 |
| - | - | - | 9,024,110 |
| 14,466 | - | - | 2,756,123 |
| - | - | - | 38,930 |
| - | - | - | 674,498 |
| - | - | - | 500 |
| - | - | - | 121,330 |
| - | - | - | 277,020 |
| - | - | - | 47,714 |
| - | - | - | 4,424 |
| - | - | - | 3,123,770 |
| - | - | - | 134,914 |
| - | - | - | 22,084 |
| - | - | - | 133,351 |
| - | - | - | 1,096 |
| - | - | - | 386,526 |
| - | - | - | 1,895 |
| 14,466 | - | - | 7,724,175 |
| (14,466) | - | - | 1,299,935 |
| 45,979 | 1 | 380 | 604,642 |
| \$ 31,513 | \$ 1 | \$ 380 | \$ 1,904,577 |

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REQUIRED T.E.A. SCHEDULES

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2022

| Last 10 Years | (1) | (2) | (3) |
|--------------------------------|-------------|--------------|--|
| | Tax Rates | | Assessed/Appraised Value for School Tax Purposes |
| | Maintenance | Debt Service | |
| 2013 and prior years | Various | Various | \$ 1,191,457,638 |
| 2014 | 1.170000 | 0.370000 | 1,234,419,659 |
| 2015 | 1.170000 | 0.370000 | 1,411,626,025 |
| 2016 | 1.170000 | 0.370000 | 1,463,857,755 |
| 2017 | 1.170000 | 0.370000 | 1,595,173,935 |
| 2018 | 1.170000 | 0.370000 | 1,747,735,130 |
| 2019 | 1.170000 | 0.370000 | 1,921,143,807 |
| 2020 | 1.068400 | 0.370000 | 2,192,586,347 |
| 2021 | 0.993900 | 0.365300 | 2,399,823,473 |
| 2022 (School year under audit) | 0.960300 | 0.365300 | 2,762,907,727 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 7/1/2021 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 6/30/2022 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 81,049 | \$ - | \$ 6,813 | \$ 1,370 | \$ (52) | \$ 72,814 |
| 20,212 | - | 1,061 | 335 | - | 18,816 |
| 45,601 | - | 2,827 | 894 | (11,728) | 30,152 |
| 44,566 | - | 4,681 | 1,480 | (12,386) | 26,019 |
| 57,902 | - | 13,404 | 4,239 | (4,193) | 36,066 |
| 85,362 | - | 26,317 | 8,322 | (3,446) | 47,277 |
| 109,139 | - | 48,784 | 15,428 | 25,768 | 70,695 |
| 174,549 | - | 41,895 | 14,510 | (18,414) | 99,730 |
| 566,325 | - | 271,418 | 99,758 | (42,363) | 152,786 |
| - | 35,201,472 | 24,880,706 | 9,464,668 | (379,951) | 476,147 |
| <u>\$ 1,184,705</u> | <u>\$ 35,201,472</u> | <u>\$ 25,297,906</u> | <u>\$ 9,611,004</u> | <u>\$ (446,765)</u> | <u>\$ 1,030,502</u> |

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|------------------|------------|--------------------------------|--|
| | Original | Final | | |
| | REVENUES: | | | |
| 5700 Total Local and Intermediate Sources | \$ 848,500 | \$ 848,500 | \$ 440,713 | \$ (407,787) |
| 5800 State Program Revenues | 80,000 | 80,000 | 98,662 | 18,662 |
| 5900 Federal Program Revenues | 1,710,205 | 2,797,000 | 3,908,453 | 1,111,453 |
| 5020 Total Revenues | 2,638,705 | 3,725,500 | 4,447,828 | 722,328 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0035 Food Services | 2,638,705 | 3,725,500 | 3,123,770 | 601,730 |
| 6030 Total Expenditures | 2,638,705 | 3,725,500 | 3,123,770 | 601,730 |
| 1200 Net Change in Fund Balances | - | - | 1,324,058 | 1,324,058 |
| 0100 Fund Balance - July 1 (Beginning) | 112,273 | 112,273 | 112,273 | - |
| 3000 Fund Balance - June 30 (Ending) | \$ 112,273 | \$ 112,273 | \$ 1,436,331 | \$ 1,324,058 |

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2022

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|------------------|--------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 9,426,870 | \$ 9,426,870 | \$ 9,689,425 | \$ 262,555 |
| 5800 State Program Revenues | 239,183 | 239,183 | 566,159 | 326,976 |
| 5020 Total Revenues | 9,666,053 | 9,666,053 | 10,255,584 | 589,531 |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| 0071 Principal on Long-Term Liabilities | 6,890,000 | 6,890,000 | 6,890,000 | - |
| 0072 Interest on Long-Term Liabilities | 3,502,054 | 3,502,054 | 3,502,054 | - |
| 0073 Bond Issuance Cost and Fees | 200,000 | 200,000 | 4,050 | 195,950 |
| 6030 Total Expenditures | 10,592,054 | 10,592,054 | 10,396,104 | 195,950 |
| 1200 Net Change in Fund Balances | (926,001) | (926,001) | (140,520) | 785,481 |
| 0100 Fund Balance - July 1 (Beginning) | 7,031,364 | 7,031,364 | 7,031,364 | - |
| 3000 Fund Balance - June 30 (Ending) | \$ 6,105,363 | \$ 6,105,363 | \$ 6,890,844 | \$ 785,481 |

RED OAK INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

Section A: Compensatory Education Programs

| | | |
|-------|--|-------------|
| AP1 | Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year? | Yes |
| <hr/> | | |
| AP2 | Does the LEA have written policies and procedures for its state compensatory education program? | Yes |
| <hr/> | | |
| AP3 | List the total state allotment funds received for state compensatory education programs during the district's fiscal year. | \$4,684,665 |
| <hr/> | | |
| AP4 | List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. | \$3,928,070 |
| <hr/> | | |

Section B: Bilingual Education Programs

| | | |
|-------|---|-----------|
| AP5 | Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year? | Yes |
| <hr/> | | |
| AP6 | Does the LEA have written policies and procedures for its bilingual education program? | Yes |
| <hr/> | | |
| AP7 | List the total state allotment funds received for bilingual education programs during the LEA's fiscal year. | \$484,817 |
| <hr/> | | |
| AP8 | List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35) | \$378,105 |
| <hr/> | | |

FEDERAL AWARDS SECTION

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

To the Board of Trustees
Red Oak Independent School District
Red Oak, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Red Oak Independent School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Red Oak Independent School District's basic financial statements, and have issued our report dated October 12, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hankins, Eastup, Deaton, Tonn & Seay, PC

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 12, 2022

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

To the Board of Trustees
Red Oak Independent School District
Red Oak, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Hankins, Eastup, Deaton, Tonn & Seay, PC

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

October 12, 2022

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

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified
2. Internal control over financial reporting:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

FALN 84.425D Elementary & Secondary School Emergency Relief II
FALN 84.425U ESSER III – ARP School Emergency Relief
FALN 84.425U Supplementary ESSER Fund

FALN 93.575 CCDF - Child Care Stabilization Funds
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

None

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

FINDING/NONCOMPLIANCE

No Prior Year Findings

RED OAK INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2022

CORRECTIVE ACTION PLAN

N/A

RED OAK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

| (1) | (2) | (3) | (4) |
|---|--------------------------------------|--|-------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal Assistance Listing No. | Pass-Through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through Region 10 Service Center</u> | | | |
| Title III, Part A - English Language Acquisition | 84.365A | 22671001057950 | \$ 81,182 |
| ESEA, Title II, Part A, Teacher Principal Training | 84.367A | 22694501057950 | 118,747 |
| Total Passed Through Region 10 Service Center | | | 199,929 |
| <u>Passed Through Texas Education Agency</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 21610101070911 | 8,555 |
| ESEA, Title I, Part A - Improving Basic Programs | 84.010A | 22610101070911 | 558,488 |
| Total Assistance Listing Number 84.010A | | | 567,043 |
| *IDEA - Part B, Formula | 84.027A | 216600010709116600 | 963 |
| *IDEA - Part B, Formula | 84.027A | 226600010709116600 | 1,151,406 |
| Total Assistance Listing Number 84.027A | | | 1,152,369 |
| Total Special Education Cluster (IDEA) | | | 1,172,931 |
| Career and Technical - Basic Grant | 84.048A | 22420006070911 | 53,593 |
| *IDEA - Part B, Preschool | 84.173A | 226610010709116610 | 20,562 |
| Summer School LEP | 84.369A | 69552002 | 4,424 |
| ESEA, Title IV, Part A - Student Support | 84.424A | 21680101070911 | 5,042 |
| ESEA, Title IV, Part A - Student Support | 84.424A | 22680101070911 | 44,901 |
| Total Assistance Listing Number 84.424A | | | 49,943 |
| Elementary and Secondary School Emergency Relief II | 84.425D | 21521001070911 | 153,838 |
| ESSER III - ARP School Emergency Relief | 84.425U | 21521001070911 | 1,476,182 |
| Supplemental ESSER Fund | 84.425U | 21528043070911 | 169,664 |
| Total Assistance Listing Number 84.425 | | | 1,799,684 |
| Total Passed Through Texas Education Agency | | | 3,647,618 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 3,847,547 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <u>Passed Through Texas Workforce Commission</u> | | | |
| CCDF - Child Care Stabilization Funds | 93.575 | 1-89161 | 1,266,888 |
| Total Passed Through Texas Workforce Commission | | | 1,266,888 |
| <u>Passed Through Texas Education Agency</u> | | | |
| ELC Reopening Schools | 93.323 | 39352201 | 69,294 |
| Total Passed Through Texas Education Agency | | | 69,294 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 1,336,182 |

RED OAK INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

| (1) | (2) | (3) | (4) |
|---|--------------------------------------|--|----------------------------|
| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | Federal Assistance Listing No. | Pass-Through Entity Identifying Number | Federal Expenditures |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the Texas Department of Agriculture</u> | | | |
| *School Breakfast Program | 10.553 | 806780706 | 607,716 |
| *National School Lunch Program - Cash Assistance | 10.555 | 806780706 | 3,009,654 |
| *National School Lunch Prog. - Non-Cash Assistance | 10.555 | 806780706 | 202,667 |
| *USDA Supply Chain Grant | 10.555 | 806780706 | 85,353 |
| *P-EBT Local Adm. Cost Grant | 10.555 | 806780706 | 3,063 |
| Total Assistance Listing Number 10.555 | | | <u>3,300,737</u> |
| Total Child Nutrition Cluster | | | <u>3,908,453</u> |
| Total Passed Through the Texas Department of Agriculture | | | <u>3,908,453</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>3,908,453</u> |
| | | | |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 9,092,182</u></u> |
| *Clustered Programs | | | |

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

RED OAK INDEPENDENT SCHOOL DISTRICT
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$-0-.
- Reconciliation Information:

| | |
|---|--------------------|
| Amount reported on the Schedule of Expenditures of Federal awards | \$9,092,182 |
| SHARS Revenue reported in the General Fund | <u>781,969</u> |
| Total Federal Program Revenue | <u>\$9,874,151</u> |

Annual Investment Report

Presented for:

Board Action X Report/Review Only

Supporting documents:

None Attached X Provided Later

Contact Person:

Dr. Bill Johnston, Assistant Superintendent of Business Services/Chief Financial Officer

Background Information:

Investments in the State of Texas are governed by Section 2256 of the Texas Government Code. The Public Funds Investment Act (PFIA), Section 2256.005, requires the governing body to annually review the investment policy (Policy CDA), investment strategies and performance of the District’s investments. Section 2256.025 also requires the governing body to review, revise and adopt a list of qualified brokers at least once each year.

All investments made by the District comply with the Public Funds Investment Act and all federal, state, and local statutes and regulations.

Fiscal Implications:

There are no fiscal implications for this action.

Administrative Recommendation:

Administration recommends the Board review the investment policy and strategies and formally adopt the list of qualified brokers as presented on page 39 of the Annual Investment Report.



Red Oak Independent School District

Annual Investment Report

2021-2022 Fiscal Year

109 W. Red Oak Rd
Red Oak, TX 75154
P: 972.617.2941
F: 972.617.4333

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Introduction

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Introduction

Investments in the State of Texas are governed by Section 2256 of the Government Code. All investments made by the District shall comply with the Public Funds Investment Act and all federal, state, and local statutes and regulations.

1. Investments shall be made in accordance with written policies approved by the School Board. The policies must primarily emphasize safety of principal and liquidity. The policy should address investment diversification, yield, maturity and the quality and capability of investment management. Furthermore, it should include:
 - a. a list of the types of authorized investments in which the District's funds may be invested;
 - b. the maximum allowable stated maturity of any individual investment owned by the District;
 - c. for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;
 - d. methods to monitor the market price of investments acquired with public funds;
 - e. a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a deliver versus payment basis; and
 - f. procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provision of Section 2256.021.
2. The School Board must act upon an annual review of the District's investment policy and strategies.
3. The chief financial officer and investment officer(s) must attend at least 10 hours of training within the first 12 months of assuming duties. Thereafter, a minimum of 8 hours of training is required every two years for the chief financial officer and investment officer(s).
4. Quarterly investment reports must be in accordance with generally accepted accounting principles and must include accrued interest where applicable.
5. The School Board must annually review, revise, and adopt a list of qualified brokers authorized to engage in investment transactions with the District.
6. A qualified representative of a business organization offering to engage in an investment transaction with the District must sign that they have received and reviewed the District's investment policies.
7. A formal annual review of the internal controls shall be conducted by an independent auditor.

The District's Investment Policy is CDA and requires an annual reporting of investment activity by the School Board.

The District's policy must primarily emphasize safety of principal, liquidity, and diversity. The policy should also address investment yield, maturity, and the qualifications of investment management. Investments are made in a manner that insures the preservation of capital in the overall portfolio. The District's investments are sufficiently liquid to meet anticipated cash flow needs. Investments are diversified to reduce the risk of any one investment type. Internal controls exist to protect against losses of public funds arising from fraud, employee error, and misrepresentation by a third party.

Introduction (Continued)

Investment strategy is applied to each major fund type. Primary objectives for operating funds are understanding the suitability of the investment to the financial requirements of the District, preservation and safety of principal, investment liquidity, maturity sufficient to meet anticipated cash flow requirements, diversification and yield. The Debt Service fund and Capital Projects fund may have longer thresholds for investing due to the nature of the cash flow requirements.

For the 2021-2022 school year, the Red Oak ISD investment policy limited any investment to the following types.

1. Obligations of the United States or Texas or their agencies and instrumentalities and political subdivisions permitted by Government Code 2256.009.
2. Certificates of deposit permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptance as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load money market mutual funds as permitted by Government Code 2256.014.
8. No-load mutual funds as permitted by Government Code 2256.014.
9. A guaranteed investment contract as an investment vehicle for bond proceeds provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
10. Public funds investment pools as permitted by Government Code 2256.

Red Oak ISD investments during the 2021-2022 school year were spread primarily among three public funds investment pools: Lone Star Investment Pool, TexSTAR, and TexPool.

Day-to-day investments are monitored by the Finance Coordinator. The Chief Financial Officer oversees the investment function of the District and presents monthly reports to the School Board. The Chief Financial Officer and the Finance Coordinator have maintained the appropriate training requirements.

Copies of CDA (Legal) and CDA (Local) are included in this report. Update 114 dated November 19, 2019 is the most current version for CDA (Legal). In March 2022, changes to CDA (Local) was approved by the School Board to identify the Chief Financial Officer as the Investment Officer. Therefore, no changes are recommended to these policies at this time.



Portfolio Composition

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Portfolio Composition

As of June 30, 2022, the District's portfolio was comprised of three different investment pools.

Lone Star Investment Pool

In 1991, First Public, formerly known as the Texas Association of School Boards (TASB) Financial Services, launched the Lone Star Investment Pool to assist governmental entities in managing their public funds. The pool was established under the guidance of the Texas Public Funds Investment Act. A Board of Directors made up of members of the pool is responsible for the overall operation of the pool. The School Board has employed various third-party organizations to assist in the operations. These third parties are as follows – Investment Managers: American Beacon Advisors and Standish; Investment Consultant: CAPTRUST Financial Advisors; Custodian: State Street Bank; Administrator: First Public.

The Lone Star Advisory Board assists the School Board in ensuring the products and services are responsive, efficient, and expertly run.

Lone Star Investments offer three options, each with different approaches to achieving principal protection, liquidity, diversification, and return. Red Oak ISD utilizes the Governmental Overnight Fund which has earned Standard & Poor's highest rating of AAA. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

Although Lone Star Investment has the authority to invest in all securities authorized under the Investment Act, the Government Overnight Fund invests only in securities issued or backed by the U.S. Government or its agencies and instrumentalities. It seeks to maintain a net asset value of one dollar and its dollar-weighted average maturity of 60 days or fewer.

TexPool

TexPool was created in 1989 as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code and is the largest and oldest local government investment pool in the State of Texas.

TexPool is overseen by the State Comptroller of Public Accounts. Federated Investors is the full-service provider to the pools managing the assets, providing participant services, and arranging for all custody and other functions in support of the pool's operations under a contract with the Comptroller.

TexPool offers two distinct investment portfolios allowing flexibility to safely maximize yield and liquidity. Both portfolios are rated AAA by Standard & Poor's Rating Services. This rating is the highest assigned to principal stability government investment pools by Standard & Poor's. Both portfolios have a weighted average maturity that cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months.

Portfolio Composition (Continued)

TexPool portfolios include:

TexPool Portfolio

Consists exclusively of U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds.

TexPool Prime Portfolio

TexPool Prime invests in U.S. Government securities, repurchase agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds, commercial paper and certificates of deposit.

TexSTAR

Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Fund Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools.

J.P. Morgan Investment Management Inc. (JPMIM) and First Southwest Company (FSC) serve as co-administrators for TexSTAR under an agreement with the TexSTAR Board of Directors (Board). JPMIM provides investment management services and FSC provides participant services and marketing. Custodial, fund accounting and depository services are provided by J.P. Morgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. (BFDS). Each of JPMIM, FSC, BFDS, and J.P. Morgan Chase Bank, N.A. may provide certain services, including those described herein, through the use of subcontractors or delegates.

The Board may establish separate funds within TexSTAR from time to time. Participants choose the funds in which their deposits are invested. Participants' assets in the funds are represented by units of beneficial interest ("units"). The Board may issue an unlimited number of units in each Fund.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield. There is no sales charge and no investment minimum. TexSTAR will invest only in instruments authorized under both the Public Funds Investment Act and the current TexSTAR Investment Policy. TexSTAR maintains an AAA by Standard and Poor's.

As a secondary objective to safety and liquidity, the Fund is directed toward achieving a competitive rate of return for Participants. Efforts are made to minimize market and credit risk through investment diversification.

Red Oak ISD Investments

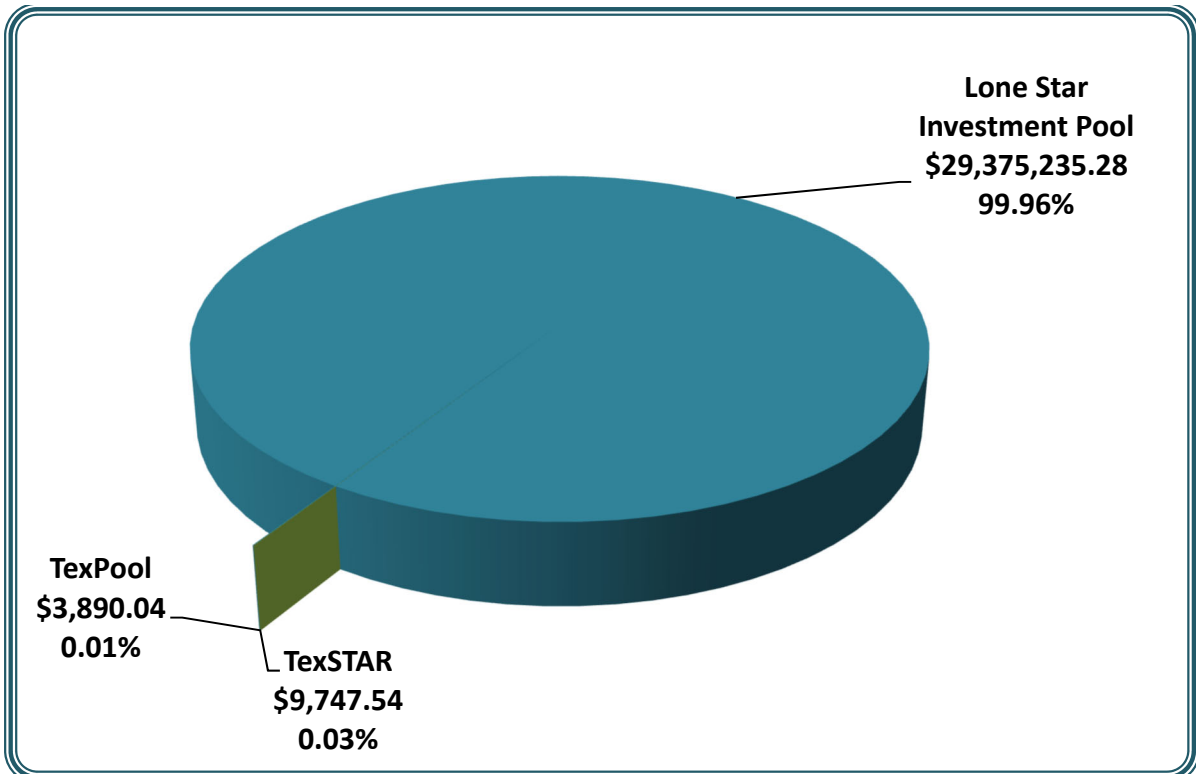
As of 6/30/2022

For the 2021-2022 school year, Red Oak ISD invested bond funds primarily with Lone Star Investment Pool. The interest rates for Lone Star have been comparable with other investment pools.

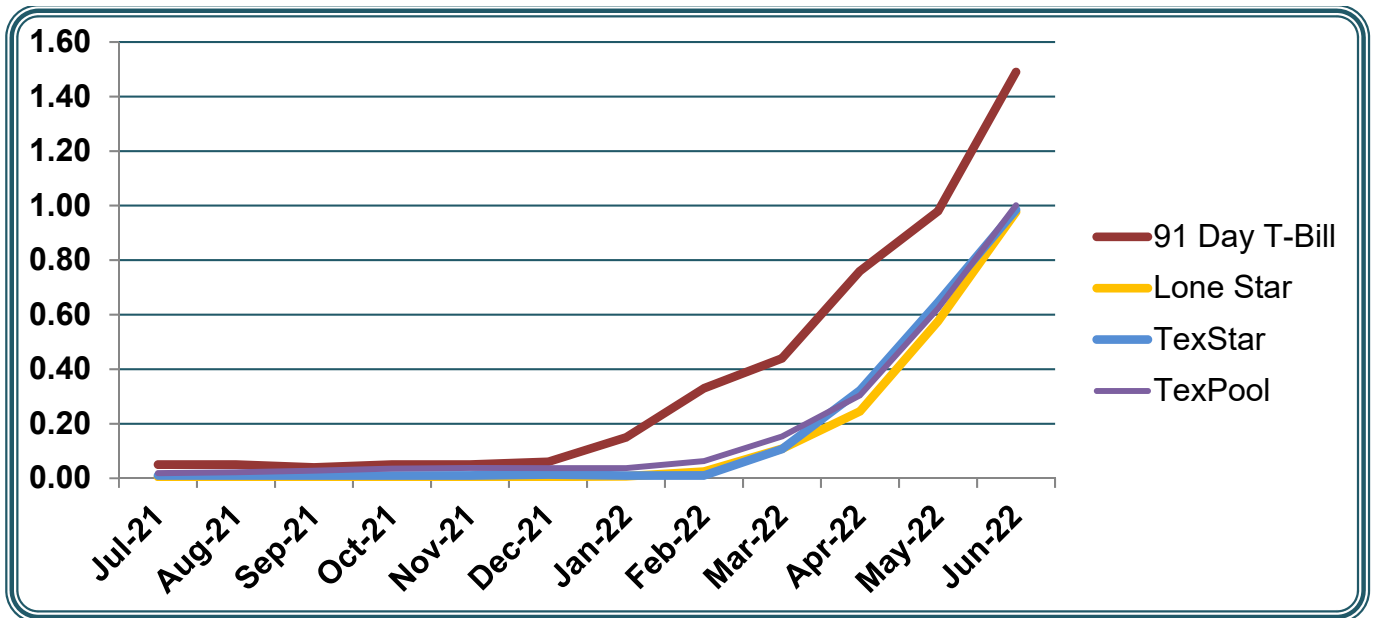
Repurchase agreements, U.S. Treasury securities, U.S. government agencies, certificates of deposit, and money market funds are among Lone Star's portfolio. Therefore, this strategy is consistent with the Board's emphasis on diversity.

INVESTMENTS AS OF 06/30/2022 BY POOL

| INVESTMENT POOLS | MARKET VALUE | PERCENTAGE |
|---------------------------|------------------------|----------------|
| Lone Star Investment Pool | \$29,375,235.28 | 99.96% |
| TexPool | \$3,890.04 | 0.01% |
| TexSTAR | \$9,747.54 | 0.03% |
| | \$29,388,872.86 | 100.00% |

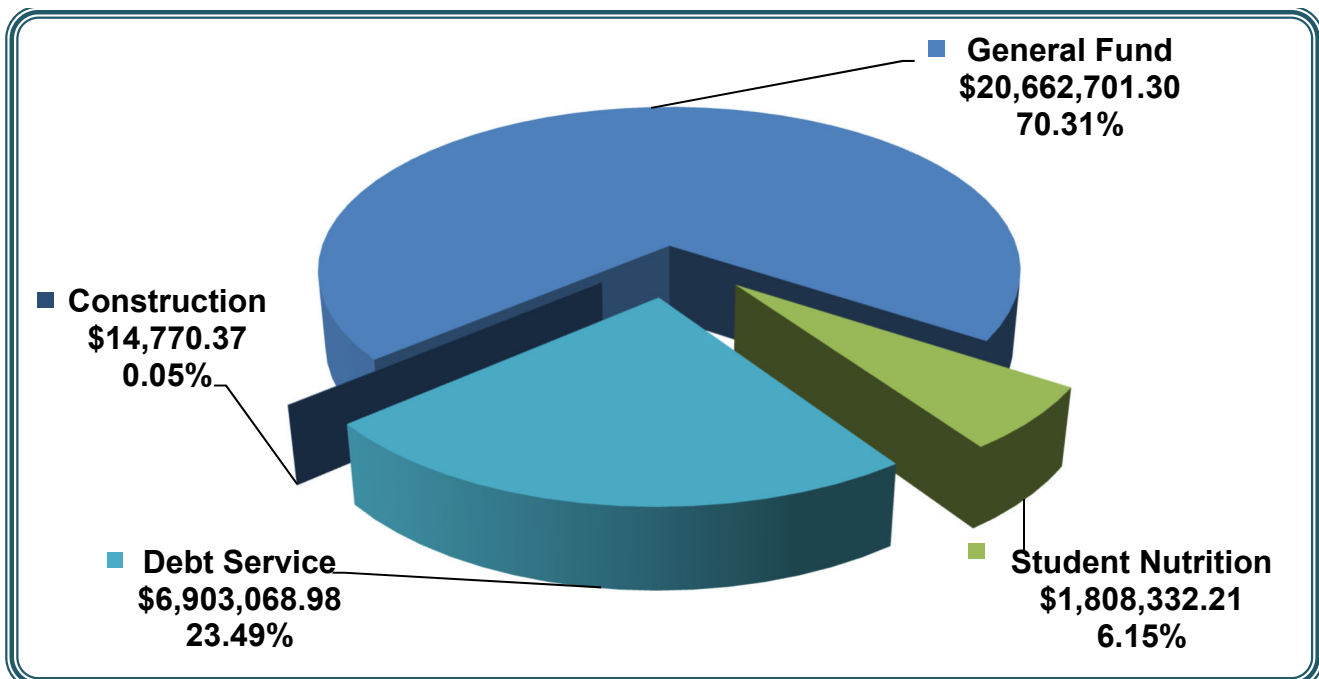


Red Oak ISD Investments (Continued)



INVESTMENTS AS OF 06/30/2022 BY FUND

| DISTRICT FUNDS | MARKET VALUE | PERCENTAGE |
|-------------------|------------------------|----------------|
| General Fund | \$20,662,701.30 | 70.31% |
| Student Nutrition | \$1,808,332.21 | 6.15% |
| Debt Service | \$6,903,068.98 | 23.49% |
| Construction | \$14,770.37 | 0.10% |
| | \$29,388,872.86 | 100.00% |





Investment Policy

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| | | |
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All investments made by a District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules, or regulations. *Gov't Code 2256.026*

Definitions

| | |
|---------------------------|---|
| Bond Proceeds | "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by a District, and reserves and funds maintained by a District for debt service purposes. |
| Investment Pool | "Investment pool" means an entity created under the Texas Government Code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are preservation and safety of principal, liquidity, and yield. |
| Pooled Fund Group | "Pooled fund group" means an internally created fund of a District in which one or more institutional accounts of a District are in- vested. |
| Separately Invested Asset | "Separately invested asset" means an account or fund of a District that is not invested in a pooled fund group. <i>Gov't Code 2256.002(1), (6), (9), (12)</i> |
| Pledged Revenue | "Pledged revenue" means money pledged to the payment of or as security for: <ol style="list-style-type: none">1. Bonds or other indebtedness issued by a District;2. Obligations under a lease, installment sale, or other agreement of a District; or3. Certificates of participation in a debt or obligation described by item 1 or 2. <i>Gov't Code 2256.0208(a)</i> |
| Repurchase Agreement | "Repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations, described by Government Code 2256.009(a)(1) (obligations of governmental entities) or 2256.013 (commercial paper) or if applicable, 2256.0204 (corporate bonds), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. <i>Gov't Code 2256.011(b)</i> |
| Hedging | "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering |

into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

“Eligible entity” means a political subdivision that has:

Eligible Entity

1. A principal amount of at least \$250 million in outstanding long-term indebtedness, long-term indebtedness proposed to be issued, or a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and
2. Outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

Eligible Project

“Eligible project” has the meaning assigned by Government Code 1371.001 (issuance of obligations for certain public improvements).

Gov’t Code 2256.0207(a)

Corporate Bond

“Corporate bond” means a senior secured debt obligation issued by a domestic business entity and rated not lower than “AA-” or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that, on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation, or is an unsecured debt obligation. *Gov’t Code 2256.0204(a)*

Written Policies

The Board shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield, and maturity and the quality and capability of investment management. The policies must include:

1. A list of the types of authorized investments in which the District’s funds may be invested;
2. The maximum allowable stated maturity of any individual investment owned by the District;
3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;

OTHER REVENUES
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4. Methods to monitor the market price of investments acquired with public funds;
5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
6. Procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Government Code 2256.021 [see Loss of Required Rating, below].

Gov't Code 2256.005(a), (b)

Annual Review

The Board shall review its investment policy and investment strategies not less than annually. The Board shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

Gov't Code 2256.005(e)

Annual Audit

A District shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. *Gov't Code 2256.005(m)*

Investment
Strategies

As an integral part of the investment policy, the Board shall adopt a separate written investment strategy for each of the funds or group of funds under the Board's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the District;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

Gov't Code 2256.005(d)

Investment Officer

A District shall designate by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees as investment officer(s) to be responsible for the investment of its funds consistent

with the investment policy adopted by the Board. If the Board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting Board's District. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the Board retains the ultimate responsibility as fiduciaries of the assets of the District. Unless authorized by law, a person may not deposit, with- draw, transfer, or manage in any other manner the funds of the District. Authority granted to a person to invest the District's funds is effective until rescinded by the District or until termination of the person's employment by a District, or for an investment management firm, until the expiration of the contract with the District. *Gov't Code 2256.005(f)*

A District or investment officer may use the District's employees or the services of a contractor of the District to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)*

Investment Training Investment training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act. *Gov't Code 2256.008(c)*

Initial Within 12 months after taking office or assuming duties, the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a District shall attend at least one training session from an independent source approved by the Board or a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

Ongoing The treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a District shall attend an investment training session not less than once in a two-year period that begins on the first day of the District's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or by a designated investment committee advising the investment officer. *Gov't Code 2256.008(a-1)*

Exception The ongoing training requirement does not apply to the treasurer, chief financial officer, or investment officer of a District if:

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1. The District does not invest District funds or only deposits those funds in interest-bearing deposit accounts or certificates of deposit as authorized by Government Code 2256.010; and
2. The treasurer, chief financial officer, or investment officer annually submits to the agency a sworn affidavit identifying the applicable criteria under item 1 that apply to the District.

Gov't Code 2256.008(g)

Standard of Care

Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following objectives, in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, or funds under the District's control, over which the officer had responsibility rather than the prudence of a single investment; and
2. Whether the investment decision was consistent with the District's written investment policy.

Gov't Code 2256.006

Personal Interest

A District investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the District shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573 (nepotism prohibition), to an individual seeking to sell an investment to the investment officer's District shall file a statement disclosing that relationship. A required statement must be filed with the Board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

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1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

Gov't Code 2256.005(i)

Quarterly Reports

Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act for the preceding reporting period. This report shall be presented not less than quarterly to the Board and the superintendent within a reasonable time after the end of the period. The report must:

1. Describe in detail the investment position of the District on the date of the report;
2. Be prepared jointly and signed by all District investment officers;
3. Contain a summary statement of each pooled fund group that states the:
 - a. Beginning market value for the reporting period;
 - b. Ending market value for the period; and
 - c. Fully accrued interest for the reporting period;
4. State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;
5. State the maturity date of each separately invested asset that has a maturity date;
6. State the account or fund or pooled group fund in the District for which each individual investment was acquired; and
7. State the compliance of the investment portfolio of the District as it relates to the investment strategy expressed in the District's investment policy and relevant provisions of the Public Funds Investment Act.

If a District invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

Gov't Code 2256.023

Selection of Broker

The Board or the designated investment committee shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with a District. *Gov't Code 2256.025*

Bond Proceeds

The investment officer of a District may invest bond proceeds or pledged revenue only to the extent permitted by the Public Funds Investment Act, in accordance with:

1. Statutory provisions governing the debt issuance or the agreement, as applicable; and
2. The District's investment policy regarding the debt issuance or the agreement, as applicable.

Gov't Code 2256.0208(b)

Authorized Investments

A Board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. *Gov't Code 2256.003(a)*

In the exercise of these powers, the Board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under this authority may not be for a term longer than two years. A renewal or extension of the contract must be made by the Board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

The Board may specify in its investment policy that any authorized investment is not suitable. *Gov't Code 2256.005(j)*

Obligations of
Governmental
Entities

The following are authorized investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

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2. Direct obligations of this state or its agencies and instrumentalities;
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state, the United States, or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States;
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
6. Bonds issued, assumed, or guaranteed by the state of Israel;
7. Interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund or its successor; and
8. Interest-bearing banking deposits other than those described at item 7 above if:
 - a. The funds are invested through a broker with a main office or a branch office in this state that the District selects from a list the Board or designated investment committee of the District adopts as required at Selection of Broker above or a depository institution with a main office or a branch office in this state and that the District selects;
 - b. The broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account;
 - c. The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
 - d. The District appoints as the District's custodian of the banking deposits issued for the District's account the

depository institution selected as described above, an entity described by Government Code 2257.041(d) (custodian with which to deposit securities), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating under Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

Gov't Code 2256.009(a)

*Unauthorized
Obligations*

The following investments are not authorized:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years; and
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Gov't Code 2256.009(b)

*Certificates of
Deposit and Share
Certificates*

A certificate of deposit or share certificate is an authorized investment if the certificate is issued by a depository institution that has its main office or a branch office in Texas and is:

1. Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
2. Secured by obligations described at Obligations of Governmental Entities, above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities described at Unauthorized Obligations, above; or
3. Secured in accordance with Government Code Chapter 2257 (Public Funds Collateral Act) or in any other manner and amount provided by law for the deposits of the District.

Gov't Code 2256.010(a)

In addition to the authority to invest funds in certificates of deposit under the previous section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment:

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1. The funds are invested by the District through a broker that has its main office or a branch office in this state and is selected from a list adopted by the District as required at Selection of Broker, above or a depository institution that has its main office or a branch office in this state and that is selected by the District;
2. The broker or depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District;
3. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
4. The District appoints the depository institution selected by the District, an entity described by Government Code 2257.041(d) (custodian with which to deposit securities), or a clearing broker dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit issued for the account of the District.

Gov't Code 2256.010(b)

The District's investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. *Gov't Code 2256.005(c)*

Repurchase
Agreements

A fully collateralized repurchase agreement is an authorized investment if it:

1. Has a defined termination date;
2. Is secured by a combination of cash and obligations described by Government Code 2256.009(a)(1) (obligations of governmental entities) or 2256.013 (commercial paper) or if applicable, 2256.0204 (corporate bonds);
3. Requires the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or a third party selected and approved by the District; and
4. Is placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas.

The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by a District under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

Government Code 1371.059(c) (validity and incontestability of obligations for certain public improvements) applies to the execution of a repurchase agreement by a District.

Securities Lending
Program

Gov't Code 2256.011

A securities lending program is an authorized investment if:

1. The value of securities loaned is not less than 100 percent collateralized, including accrued income;
2. A loan allows for termination at any time;
3. A loan is secured by:
 - a. Pledged securities described at Obligations of Governmental Entities, above;
 - b. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state, and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
 - c. Cash invested in accordance with Government Code 2256.009 (obligations of governmental entities), 2256.013 (commercial paper), 2256.014 (mutual funds), or 2256.016 (investment pools);
4. The terms of a loan require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected by or approved by the District; and
5. A loan is placed through a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003, or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

Gov't Code 2256.0115

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Banker's
Acceptances

A banker's acceptance is an authorized investment if it:

1. Has a stated maturity of 270 days or fewer from the date of issuance;
2. Will be, in accordance with its terms, liquidated in full at maturity;
3. Is eligible for collateral for borrowing from a Federal Reserve Bank; and
4. Is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least on nationally recognized credit rating agency.

Gov't Code 2256.012

Commercial Paper

Commercial paper is an authorized investment if it has a stated maturity of 365 days or fewer from the date of issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least:

1. Two nationally recognized credit rating agencies; or
2. One nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States law or any state.

Gov't Code 2256.013

Mutual Funds

A no-load money market mutual fund is an authorized investment if the mutual fund:

1. Is registered with and regulated by the Securities and Exchange Commission;
2. Provides the District with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); and
3. Complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

Gov't Code 2256.014(a)

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In addition to the no-load money market mutual fund authorized above, a no-load mutual fund is an authorized investment if it:

1. Is registered with the Securities and Exchange Commission;
2. Has an average weighted maturity of less than two years; and
3. Either has a duration of:
 - a. One year or more and is invested exclusively in obligations approved by the Public Funds Investment Act, or
 - b. Less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

Limitations

Gov't Code 2256.014(b)

A District is not authorized to:

1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Government Code 2256.014(b);
2. Invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Government Code 2256.014(b); or
3. Invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Government Code 2256.014(a) or (b) in an amount that exceeds ten percent of the total assets of the mutual fund.

Guaranteed
Investment
Contracts

Gov't Code 2256.014(c)

A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

1. Has a defined termination date;
2. Is secured by obligations described at Obligations of Governmental Entities, above, excluding those obligations described at Unauthorized Obligations, in an amount at least equal to the amount of bond proceeds invested under the contract; and
3. Is pledged to the District and deposited with the District or with a third party selected and approved by the District.

Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.

To be eligible as an authorized investment:

1. The Board must specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance, or resolution authorizing the issuance of bonds;
2. The District must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;
3. The District must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
4. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
5. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Government Code 1371.059(c) (validity and incontestability of obligations for certain public improvements) applies to the execution of a guaranteed investment contract by a District.

Gov't Code 2256.015

Investment Pools

A District may invest its funds or funds under its control through an eligible investment pool if the Board by rule, order, ordinance, or resolution, as appropriate, authorizes the investment in the particular pool. *Gov't Code 2256.016, .019*

To be eligible to receive funds from and invest funds on behalf of a District, an investment pool must furnish to the investment officer or other authorized representative of the District an offering circular or other similar disclosure instrument that contains the information specified in Government Code 2256.016(b). To maintain eligibility, an investment pool must furnish to the investment officer or other authorized representative investment transaction confirmations and a monthly report that contains the information specified in Government Code 2256.016(c). A District by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds. *Gov't Code 2256.016(b)- (d)*

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Corporate Bonds

A District that qualifies as an issuer as defined by Government Code 1371.001 [see CCF], may purchase, sell, and invest its funds and funds under its control in corporate bonds (as defined above) that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

A District is not authorized to:

1. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or
2. Invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

A District subject to these provisions may purchase, sell, and invest its funds and funds under its control in corporate bonds if the Board:

1. Amends its investment policy to authorize corporate bonds as an eligible investment;
2. Adopts procedures to provide for monitoring rating changes in corporate bonds acquired with public funds and liquidating the investment in corporate bonds; and
3. Identifies the funds eligible to be invested in corporate bonds.

The District investment officer, acting on behalf of the District, shall sell corporate bonds in which the District has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

1. Issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or
2. Changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

Gov't Code 2256.0204

Hedging
Transactions

The Board of an eligible entity (as defined above) shall establish the entity's policy regarding hedging transactions. An eligible entity may enter into hedging transactions, including hedging contracts,

and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

Government Code 1371.059(c) (validity and incontestability of obligations for certain public improvements) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

An eligible entity may:

1. Pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.
2. Credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

An eligible entity's cost of or payment under a hedging contract or agreement may be considered an operation and maintenance expense, an acquisition expense, or construction expense of the eligible entity; or a project cost of an eligible project.

Gov't Code 2256.0206

Prohibited
Investments

Except as provided by Government Code 2270 (prohibited investments), a District is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*

Note: As an "investing entity" under Government Code 2270.0001(7)(A), a District must comply with Chapter 2270, including reporting requirements, regarding prohibited investments in scrutinized companies listed by the comptroller in accordance with Government Code 2270.0201.

Loss of Required
Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. A District shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. *Gov't Code 2256.021*

**Sellers of
Investments**

A written copy of the investment policy shall be presented to any business organization (as defined below) offering to engage in an investment transaction with a District. The qualified representative of the business organization offering to engage in an investment transaction with a District shall execute a written instrument in a form acceptable to the District and the business organization substantially to the effect that the business organization has:

1. Received and reviewed the District investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's investment policy, except to the extent that this authorization:
 - a. Is dependent on an analysis of the makeup of the District's entire portfolio;
 - b. Requires an interpretation of subjective investment standards; or
 - c. Relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The investment officer of a District may not acquire or otherwise obtain any authorized investment described in the District's investment policy from a business organization that has not delivered to the District the instrument required above.

Gov't Code 2256.005(k)-(l)

Nothing in this section relieves the District of the responsibility for monitoring investments made by the District to determine that they are in compliance with the investment policy.

Business
Organization

For purposes of the provisions at Sellers of Investments above, "business organization" means an investment pool or investment management firm under contract with a District to invest or manage the District's investment portfolio that has accepted authority granted by the District under the contract to exercise investment discretion in regard to the District's funds.

Gov't Code 2256.005(k)

Donations

A gift, devise, or bequest made to a District to provide college scholarships for District graduates may be invested by the Board as provided in Property Code 117.004 (Uniform Prudent Investor Act),

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unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*

Investments donated to a District for a particular purpose or under terms of use specified by the donor are not subject to the requirements of the Public Funds Investment Act. *Gov't Code 2256.004(b)*

**Electronic Funds
Transfer**

A District may use electronic means to transfer or invest all funds collected or controlled by the District. *Gov't Code 2256.051*

Investment Authority The assistant superintendent of business services or other person designated by Board resolution shall serve as the investment officer of the District and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be settled on a delivery versus payment basis.

Approved Investment Instruments From those investments authorized by law and described further in CDA(LEGAL) under Authorized Investments, the Board shall permit investment of District funds, including bond proceeds and pledged revenue to the extent allowed by law, in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load mutual funds, except for bond proceeds, and no-load money market mutual funds, as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

Safety The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate

fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

**Investment
Management**

In accordance with Government Code 2256.005(b)(3), the quality and capability of investment management for District funds shall be in accordance with the standard of care, investment training, and other requirements set forth in Government Code Chapter 2256.

**Liquidity and
Maturity**

Any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

Diversity

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

**Monitoring Market
Prices**

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant changes in the market value of the District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisers, and representatives/advisers of investment pools or money market funds. Monitoring shall be done monthly or more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

**Monitoring Rating
Changes**

In accordance with Government Code 2256.005(b), the investment officer shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

Funds/Strategies

Investments of the following fund categories shall be consistent with this policy and in accordance with the applicable strategy defined below. All strategies described below for the investment of a particular fund should be based on an understanding of the suitability of an investment to the financial requirements of the District and consider preservation and safety of principal, liquidity, market- ability of an investment if the need arises to liquidate before maturity, diversification of the investment portfolio, and yield.

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(LOCAL)

| | |
|--------------------------------|--|
| Operating Funds | Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. |
| Custodial Funds | Investment strategies for custodial funds shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. |
| Debt Service Funds | Investment strategies for debt service funds shall have as their primary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded. |
| Capital Project Funds | Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded. |
| Safekeeping and Custody | The District shall retain clearly marked receipts providing proof of the District's ownership. The District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with District funds by the investment pool. |
| Sellers of Investments | <p>Prior to handling investments on behalf of the District, a broker/dealer or a qualified representative of a business organization must submit required written documents in accordance with law. [See Sellers of Investments, CDA(LEGAL)]</p> <p>Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC) and be in good standing with the Financial Industry Regulatory Authority (FINRA).</p> |
| Soliciting Bids for CDs | In order to get the best return on its investments, the District may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods. |
| Interest Rate Risk | <p>To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.</p> <p>The District shall monitor interest rate risk using weighted average maturity and specific identification.</p> |
| Internal Controls | A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to |

protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include:

1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.
2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the District's independent auditing firm.

Annual Review

The Board shall review this investment policy and investment strategies not less than annually and shall document its review in writing, which shall include whether any changes were made to either the investment policy or investment strategies.

Annual Audit

In conjunction with the annual financial audit, the District shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies.

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Recommendations

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Recommendations

1. Red Oak Independent School District's primary investment strategy for 2021-2022 was to invest in investment pools. Investment pools may not always provide the highest interest rates from month to month. However, the stability of the investment pools provides the most efficient use of the District's limit resources. For the fiscal year 2022-2023 it is recommended to continue the 2021-2022 investment strategy including concentrating the funds in the investment pools, monitoring market information, interest rates, forecasted and actual cash flows, and managing every fund in the portfolio on an individual, consistent, and frequent basis. Investment Officers will evaluate the market on an ongoing basis to determine where the District's funds are best utilized in the existing market. When appropriate, the District will place funds on a delivery vs. paid method in US Government Securities or in top grade commercial paper through an approved broker. Monitoring changes in the District's cash flow forecast will also be important in the coming year. The effective and efficient management of the portfolio can ensure a reasonable yield on the portfolio without exposing the District to unacceptable levels of risk.

2. The District currently utilizes the expertise of the following major investment brokers. The District staff will make investment decisions for government securities and commercial paper based on competitive pricing. It is recommended that the School Board review and adopt this list of qualified brokers that are authorized to engage in investment transactions with the District.
 - ✓ SAMCO Capital Markets, Inc.

 - ✓ First Public (Lone Star Investment Pool, a Subsidiary of Texas Association of School Boards)

 - ✓ First Southwest (A Division of Hilltop Securities)

 - ✓ LOGIC (Local Government Investment Cooperative)

 - ✓ TexPool (Federated Investors)

 - ✓ Texas Short Term Asset Reserve Program(TexSTAR)

 - ✓ TexasTERM Local Government Investment Pool

 - ✓ Merrill Lynch

 - ✓ Morgan Stanley

 - ✓ Citigroup Global Markets, Inc.

 - ✓ Wells Fargo Securities

 - ✓ BOSCO, Inc.

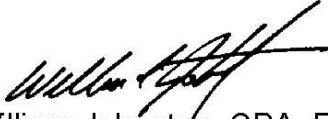
Recommendations (Continued)

3. Code, Chapter 2256 requires investment officers to receive instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or a designated investment committee advising the investment officer, as provided for in the District's investment policy. It is recommended that the following providers be used for investment training:

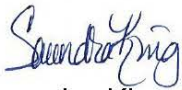
- ✓ Texas Association of School Administrators(TASA)
- ✓ Texas Association of School Boards (TASB)
- ✓ Texas Association of School Business Officials (TASBO) and its local affiliates
- ✓ Texas Comptroller of Public Accounts
- ✓ Texas State Society of Certified Public Accountants and its approved providers
- ✓ Regional Education Service Centers including Region 10 and Region 7
- ✓ First Southwest Company
- ✓ Texas Cooperative Liquid Assets Securities System Trust
- ✓ First Public, A Subsidiary of Texas Association of School Boards
- ✓ H&R Block Financial Advisors
- ✓ Coastal Securities
- ✓ Deloitte and Touche, LLP
- ✓ Government Finance Officers Association
- ✓ Government Treasurer's Organization of Texas
- ✓ TexPool / Federated
- ✓ BOSCO, Inc.

Compliance Certification

We hereby certify that the annual investment report represents the investment position of the District as of June 30, 2022 and that all investments were purchased in compliance with the Board approved cash management and investment policy.



William Johnston, CPA, Ed.D.
Chief Financial Officer and Assistant
Superintendent of Business Services



Sandra King, RTSBA
Finance Coordinator

Facilities Design Standards and Educational Specifications for New Construction

Presented for:

Board Action X Report/Review Only _____

Supporting documents:

None _____ Attached X Provided Later _____

Contact Person:

Kevin Freels, Assistant Superintendent for District Operations

Background Information:

In the spring of 2021, The Texas Education Agency adopted new facility standards. These standards are found in Section 61.1040 of the Texas Administrative Code. The new standards allow a district flexibility in design and construction, with an understanding of the needs of the students, but allow districts to modify design requirements because of rising construction costs.

There are basically two options for districts to choose for instructional facility space compliance for areas within the building that districts are allowed to choose either quantitative or qualitative, with the default being quantitative.

A school district may use the qualitative method of compliance for a capital improvement project only if the Board of Trustees has prior documented approval of one or more instructional or operational practices for the proposed project that distributes or manages student capacity in an innovative or non-traditional manner.

Red Oak ISD in all the capital improvement projects since the 2007 bond program, which was responsible for construction of the new Shields Elementary and New Red Oak High School have operated on a traditional format of construction for student space requirements, so the quantitative method of compliance for the New Red Oak Middle School is the preferred method.

There are four different levels of flexibility allowed within the space requirements for a new middle school construction.

Flexibility Level 1 (L1). Single, fixed teacher presentation space; compact organization of spaces makes access to outdoor space limited and challenging; furniture is exclusively attached student desk/chair with an expectation of very infrequent rearrangement; minimal multipurpose functionality for walls with no capability of reconfiguration; teacher-centric digital instruction with partial access to mobile devices. 32 sq. ft per pupil.

Flexibility Level 2 (L2). Single, fixed teacher presentation space; compact organization of spaces makes access to outdoor space limited and challenging, but outdoor spaces may be visible from classrooms; furniture includes detached student desk/chair with an expectation of very infrequent rearrangement; moderate multipurpose functionality for walls with no capability of reconfiguration; teacher-centric digital instruction with moderate access to mobile devices. 32 sq. ft per pupil.

Flexibility Level 3 (L3). Multiple student/teacher presentation spaces; organization of spaces allow for proximal outdoor access that is visible from classrooms; flexible and mobile furniture that is easily rearranged; high use of multipurpose walls, including digital touchscreen and other functionalities; learner-centric digital instruction with high levels of access to a range of mobile devices. 36 sq. ft per pupil.

Flexibility Level 4 (L4). Multiple student/teacher presentation spaces that are likely mobile; organization of spaces allows for direct outdoor access that is visible from classrooms, highly flexible and mobile furniture that is easily rearranged by students independently or collectively, maximized inclusion of multipurpose walls, including digital capabilities and reconfiguration; learner-centric digital instruction with high levels of access to a range of mobile devices incorporating an "anytime/anywhere" instructional philosophy. 36 sq. ft per pupil.

In quantitative method of space compliance, districts may choose Levels 1 through 4, but in qualitative construction method of space compliance, districts are only allowed to use Levels 3 or 4.

Districts are not precluded from using higher standards within a project, they just must declare their minimum standards.

Fiscal Implications:

The selection of the “quantitative methods of space compliance”, Level 2, allows the district the ability to design and construct a traditional middle school with fewer sq. ft. per student than the “qualitative method of compliance” and stay within guidelines of the Texas Education Agency’s new standards.

Administrative Recommendation:

Administration recommends the Board approve the recommendation of the “quantitative methods of space compliance”, Level 2, for the design of the New Additional Middle School in Red Oak ISD as outlined in the attached Educational Specifications document.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

GENERAL INFORMATION

This document is an architectural program and list of general educational facilities specifications for the design of a 1,200-student middle school.

This school is designed to house approximately 1,200 students in grades 6th through 8th, including special needs students.

All the requirements included herein can be categorized as General Considerations that will guide the Architect in setting the overall design concepts of the school.

The design of the school should provide an aesthetically pleasing atmosphere conducive to the learning process. The design should eliminate obstacles and distractions to the learning process. The distribution of spaces should enhance the many functions which take place within the facility.

The building should promote a feeling of “belonging” for those who use or meet in the facility. The students and school staff should feel comfortable using the facility and the public should have no reservations about visiting the school.

Finally, the facility must be durable and require minimum maintenance. Materials, products, and methods of construction should be selected based for achieving the best possible performance and value over time within the constraints of the budgets.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

SECTION I – District Vision, Mission and Goals

The Ellis County Texas towns of Red Oak, Ovilla, Glenn Heights, Oak Leaf, and Pecan Hill combined in 1912 to form Red Oak ISD. There are seven campuses: One 5A high school, one middle school (grades 6-8), and 5 elementary schools (PK-5). Red Oak consists of both rural and neighborhood populations.

Our Vision in Red Oak ISD is to Realize Our Individual Students' Dreams (ROISD).

The Mission of Red Oak ISD is to incorporate and instill the 4 Talons of the Hawk for each one of our students.

Our measure of success does not solely lie on how we grade on a standardized test, but on how we work to instill the 4 Talons of the Hawk in our students and who they become because of that. Seeing evidence of how our students live it out not only in their time as a student with us, but as an adult and a great contributor to our community and society is our measure of success.

We have high expectations for all our students and our commitment is to do all we can to help them reach their fullest potential.

Four Talons of the Hawk are 1) exhibits academic readiness, 2) seeks challenges of learning, 3) strives to be fair, respectful & well rounded, and 4) leaves a legacy through service.

We are on a mission for our students' success.

The details of goals and current academic performance can be found in the most recent version of the District and Campus Improvements Plans located at redoakisd.org.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

SECTION II – Facility Overview

Instructional programs, grade configurations, and type of facility:

- Programs include general instruction and specialized instruction for 1,200 students in grade levels 6th through 8th grades.
- Facility will be a middle school complex with athletic fields.

Building Capacity

The maximum building capacity, or maximum occupant load, in a building is determined by code required occupancy for each occupied space. This occupant load amount would be met if all spaces were used to their maximum capacity simultaneously. This occupant load amount is used for fire egress requirements and plumbing fixture counts, and usually is not the number of students at the school.

The functional building capacity, or functional student load, in a building can be determined by taking the TEA requirements and multiplying the number of classrooms provided by a factor of 90%. This student load amount is used as the design occupancy of the school.

Estimated size of facility:

- The estimated size of the master plan for a new middle school is 180,000 sq. ft.

Estimated budget for the facility project:

- The construction budget estimated for the new additional middle school will be determined by the district at the time when the project is submitted for bid and final cost estimates are received.

Hours of operation that include instructional day, extracurricular activities, and any public access or use:

- Operational minutes are estimated at 460 minutes per day for students; extracurricular activities will take place before and after instructional school hours.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

- Extracurricular and co-curricular activities for both the students and community will require specific areas of the facility to be accessible after normal school hours and weekends.
- Public use of middle school buildings and facilities will be in accordance with Board of Trustee policy and administrative operating guidelines.

SECTION III – Multihazard Plan and the New Facility

Each school district shall adopt and implement a multihazard emergency operations plan for use in the district's facilities. The plan must address prevention, mitigation, preparedness, response, and recovery as defined by the Texas School Safety Center in conjunction with the governor's office of homeland security and the commissioner of education or commissioner of higher education, as applicable.

At least once every three years, each school district shall conduct a safety and security audit of the district's facilities. To the extent possible, a district shall follow safety and security audit procedures developed by the Texas School Safety Center.

Red Oak ISD's most current multihazard plan was submitted and approved to the Texas School Safety Center in Fall of 2021. Red Oak ISD's most recent audit was conducted in Fall of 2020 in accordance with Texas Education Code 37.108.

- The new middle school facility will be equipped with the following as required through the Texas Education Code 37.108 for compliance with the Emergency Operations Plan:
 1. Fire Alarm system with visual and audible alarms as required by code
 2. Sprinkler system
 3. Security system
 4. VOIP Phones in every classroom
 5. Access control system
 6. Integrated intercom system
 7. Specialized glass and/or window coverings in pertinent areas as allowed
 8. Storm Shelter



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

SECTION IV – Programming and Design Considerations

It is the desire of ROISD that every building reflects the vision and goals of the school district. Red Oak ISD wants the Architect to provide buildings which are a source of pride for the community, buildings that will upgrade the surrounding area, and are budget conscious.

While not necessarily monumental, a public middle school should convey permanence and significance and stand the test of time. On the other hand, it must have a human scale, and welcome everyone, including first time attendees. It should not be intimidating. The entry should be obvious, and the design should convey a sense of place and arrival.

- The facility shall be one building with the exception of the any athletic outbuildings that may be required.
- The facility shall be a student focused environment.
- Most of the classrooms should have natural light and a view of the outdoors.
- To the fullest extent possible, the facility should be designed to reduce operating and maintenance costs.
- All areas of the facility that are to be used by staff and students will be wheelchair accessible and conform to all applicable statutes and regulations and Texas Accessibility Standards (TAS) requirements.
- The facility will be designed with several “specialized learning” rooms to accommodate students with special needs. These students should be mainstreamed with the remainder of the student body and not isolated.
- The facility and its campus will be site-specific and shall incorporate topography to take advantage of views, landscaping, and site features. The facility will also be regionally specific and integrate the culture, historical context, and building typologies represented in ROISD.

Maintainability

The initial cost of a building is far less than the costs involved in maintaining a building over its lifetime. The decisions made during the design should be based on considerations of life cycle costs or the cumulative cost of an item or building system over its life span as well as the original cost. The considerations for the efficiency of



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

the building over the building life will be considered in decisions throughout the design and construction process.

Spatial Organization and Relationships

Whether or not a new school is regarded as successful is dependent to a large degree on the relationship of the various spaces to one another.

Interior Spaces

- Interior spaces can generally be categorized into teaching, administrative, and support spaces. Teaching spaces include classrooms, as well as other spaces used as teaching stations, such as the auditorium, gymnasium, computer laboratory, media center, science room, and the arts classrooms. Administrative spaces include offices, reception areas, administrative support, and conference rooms. Support spaces include the cafeteria/kitchen, workrooms, special services, storage, and restrooms.
- Anticipate that the cafeteria, auditorium, gymnasium, counselor's office, clinic, some classrooms, lecture hall, and a set of restrooms will be used either after or before standard school hours.
- The media center may also be used for PTA and faculty meetings in the evening. Design these rooms so that the rest of the school can be made secure while still allowing access to these areas.
- Custodial workrooms and storage should be distributed throughout the school to allow for easy cleaning, maintenance, and storage of supplies.

Exterior Spaces

- The program calls for playing fields including football, soccer, track, tennis courts, and paved areas for vehicular circulation, fire lanes and parking.
- Exterior learning spaces are encouraged.

Site Access and Circulation

Access to and from the site and into the building is critical to the design of the school. This need is magnified by the number of different types of users including students



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

(arriving by bicycle, on foot, by car, or by bus) teachers and staff, parents, deliveries, service, and emergency vehicles. The Architect should strive to keep as much of the site open and unpaved as is feasible.

Consider the following when designing the school:

- Access to the site should be logical and easily discernible for those who will use it.
- School bus drop-off and parent drop-off should be separated and well defined to reduce confusion and congestion.
- Parking areas should be provided for visitors, students, and faculty.
- School bus loading area should be designed with one-way access so that school's buses can safely enter and exit.

Building Access and Circulation

The entry should be clearly defined and have proximity to the administration area for parents and visitors. Consideration should be given to incorporating an electronically controlled entrance for security.

Items for consideration:

- Deliveries should be made to the service doors or kitchen.
- Circulation within the building should be logical and easily learned by students. Guideposts, color schemes or other devices should be incorporated into the design to make it easier for students to navigate around the school.
- Corridors should be at least 10 feet wide and clear at student circulation areas.

Security

The Architect should always think about building security while designing the facility. Specifically, do not design hidden interior or exterior areas. Similarly, there should not be any place for potential intruder to hide from police or security forces on patrol. Security should be the main consideration when locating exterior lighting.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

Site Planning

General

- Create secure perimeter around site. Create “sub-secure” areas within perimeter such as athletic fields, parking areas, and service/delivery areas
- Coordinate vehicular driveways (parents/school bus pickup/drop off zones, visitors, fire truck/fire lanes, etc.) with secure areas on site.

Lighting

- Provide area lighting of parking areas.
- Provide building lighting.
- Provide lights at all exterior doors.

Fencing

- Provide fencing at secure athletic/recreation areas

Building Exterior

Access Points

- Minimize number of access points into building. Provide all code-required exits.
- “Specialized” access points could occur within secured areas.
- Students vs. staff vs. service/delivery vs. specialized access points could be clearly separate and may involve different security/entrance requirements.
- All entrance points should have a clear visual area around them (i.e., no hiding spots, large amounts of vegetation, etc.)
- Consider card key, keypad, and other locks at staff, delivery, and specialized entrances.

Windows

- Windows should have minimal amount operable (only as required for ventilation/emergency). Operable portions should be high on walls.
- Window placement should allow for visibility to outside for site surveillance or to inside for building surveillance



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

Building Interior

General

- Avoid hidden pockets or areas difficult to see from main corridors.
- Locate main administrative area close to main student entrance or high-risk areas.
- Provide for clear distinction and control points between public semi-public, and private areas.
- Areas of schools that are to be used off-hours (PTA, community groups) should be in distinct securable areas.

Monitoring-Video

- Video monitoring should be in place at main entrances and general locations throughout the school.
- Consider housing and hook-up for camera locations.
- Central monitoring station in security area.
- Coordinate video monitoring with the ROISD security systems/procedures.
- The security and video devices required shall be integrated and incorporated into the design of the facility.

Communications

- Provide communication between each instructional area and administrative area. Communication devices shall be provided in each classroom, as well as administrative areas.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

SECTION V - Instructional Facility Space Requirements

TITLE 19. EDUCATION PART 2. TEXAS EDUCATION AGENCY CHAPTER 61. SCHOOL DISTRICTS SUBCHAPTER CC. COMMISSIONER'S RULES CONCERNING SCHOOL FACILITIES

TEA Methods of Compliance – Quantitative

The capital improvement project shall meet the minimum aggregate square footage based on the campus's flexibility level, SF per student, and the maximum instructional capacity of the campus included in the project's educational specifications. Cafeterias, gymnasiums, and library space may not be used to satisfy this method of compliance.

The minimum aggregate square footage required may be comprised of the following:

- (A) mathematics, English/language arts, and history/social studies classrooms.
- (B) combination science classrooms/laboratories.
- (C) science classrooms, if the separate science classroom and laboratory layout is used.
- (D) special education classrooms.
- (E) collaboration areas; and
- (F) elective classrooms or laboratories under the following circumstances: if the elective classroom or laboratory is used between 51-100% of the school day, at a factor of 1; and if the elective classroom or laboratory is used between 0-50% percent of the school day, at a factor of .5.

TEA Methods of Compliance – Qualitative

A school district may use the qualitative method of compliance for a capital improvement project only if the board of trustees has prior documented approval of one or more instructional or operational practices for the proposed project that distributes or manages student capacity in an innovative or non-traditional manner. Prior to approving the qualitative



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

method of compliance, all instructional and operational practices applicable to the proposed project must have been documented and approved by the school district board of trustees to demonstrate compliance with the requirements in this subsection.

To satisfy this method of compliance, the project shall meet the minimum total square footage based on the campus's flexibility level, the SF per student, and the adjusted maximum instructional capacity of the campus.

The minimum aggregate square footage required may be comprised of the following:

- (A) mathematics, English/language arts, and history/social studies classrooms.
- (B) combination science classrooms/laboratories.
- (C) science classrooms, if the separate science classroom and laboratory layout is used.
- (D) special education classrooms.
- (E) collaboration areas; and
- (F) elective classrooms or laboratories under the following circumstances: if the elective classroom or laboratory is used between 51-100% of the school day, at a factor of 1; and if the elective classroom or laboratory is used between 0-50% of the school day, at a factor of .5.

Gymnasiums may not be used to satisfy this method of compliance. Cafeterias and library space may be used to satisfy this method of compliance and shall be treated like an elective space.

Flexibility Level

Flexibility Level 1 (L1). Single, fixed teacher presentation space; compact organization of spaces makes access to out-door space limited and challenging; furniture is exclusively attached student desk/chair with an expectation of very infrequent rearrangement; minimal multipurpose functionality for walls with no capability of reconfiguration; teacher-centric digital instruction with partial access to mobile devices.



EDUCATIONAL SPECIFICATIONS NEW ADDITIONAL RED OAK MIDDLE SCHOOL

Flexibility Level 2 (L2). Single, fixed teacher presentation space; compact organization of spaces makes access to out-door space limited and challenging, but outdoor spaces may be visible from classrooms; furniture includes detached student desk/chair with an expectation of very infrequent rearrangement; moderate multipurpose functionality for walls with no capability of reconfiguration; teacher-centric digital instruction with moderate access to mobile devices.

Flexibility Level 3 (L3). Multiple student/teacher presentation spaces; organization of spaces allows for proximal outdoor access that is visible from classrooms; flexible and mobile furniture that is easily rearranged; high use of multipurpose walls, including digital touchscreen and other functionalities; learner-centric digital instruction with high levels of access to a range of mobile devices.

Flexibility Level 4 (L4). Multiple student/teacher presentation spaces that are mobile; organization of spaces allows for direct outdoor access that is visible from classrooms; highly flexible and mobile furniture that is easily rearranged by students independently or collectively; maximized inclusion of multipurpose walls, including digital capabilities and reconfiguration; learner-centric digital instruction with high levels of access to a range of mobile devices incorporating an "anytime/anywhere" instructional philosophy.

Red Oak ISD has chosen the quantitative method of compliance, Level 2, for the new additional middle school.

SECTION VI - Innovation and Flexibility

The schools built today must serve the students of ROISD well into the 21st century. During the life of these buildings, curriculum needs, teaching techniques, even student populations are likely to change. It is essential that the buildings constructed today be able to adjust to changes that will come. Equally important, they must be constructed in such a way that they will not inhibit proposed or needed changes. Provide sufficient flexibility within classrooms and other student use areas to allow for changing programs and methods of instruction.

Red Oak ISD Education Foundation and Red Oak ISD Memorandum of Understanding

Presented for:

Board Action X Report/Review Only _____

Supporting documents:

None _____ Attached X Provided Later _____

Contact Person:

Karen Anderson, Executive Director of Red Oak ISD Education Foundation

Background Information:

The Red Oak ISD Education Foundation Board of Directors reviewed the MOU for playground equipment on August 9, 2022 and would like to present to the Board of Trustees for adoption immediately upon approval.

Fiscal Implications:

There are no additional fiscal implications.

Administrative Recommendation:

Administration recommends that the ROISD Education Foundation and Red Oak ISD MOU be approved as presented for the 2022-2023 School Year.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“Memorandum”) is entered into by and between the Board of Trustees of Red Oak Independent School District (“Red Oak ISD” or “District”) and the Board of Directors of Red Oak Education Foundation, Inc. (the “Foundation”). Red Oak ISD and the Foundation by this Memorandum memorialize their relationship, ratify and approve past activities, and mutually acknowledge, for the future, the respective obligations and rights of the parties.

Purpose

The terms of the MOU include the following purposes:

1. The District has undertaken a campaign to raise funds to update five elementary playgrounds. The Foundation will be receiving contributions from donors to be expended on the update and renovation of elementary campus playgrounds (the "Project").
2. The Foundation and the District desire to enter into this Memorandum of Understanding to define their relationship and responsibilities with respect to the Project.
3. The Red Oak ISD Education Foundation was created to support the educational programs for both the students and staff of the Red Oak Independent School District. The Foundation provides funds for educational programs and activities which are not funded by the normal operating budget. These funds are used to facilitate student achievement and skill development, to recognize and encourage staff excellence and to expand community involvement from individuals, business and civic organizations.
4. The Red Oak ISD Education Foundation generates and distributes resources to the Red Oak Independent School District for innovative and creative programs and projects that enhance the quality of education. The Foundation achieves its mission by directing resources toward the following goals:
 - Provide grant funding to staff for innovative and creative projects
 - Inspire parents and community to participate with the school district in enriching education
 - Build community awareness for the Red Oak ISD Education Foundation

Project

1. The actual Project will be defined by the District and any contractors hired by the District to complete the Project. The District is responsible for the costs related to the Project. The District will enter into contracts, approve construction documents and approve payment requests for labor, materials, equipment and furnishings provided in order to accomplish the Project. The Foundation will have no ownership interest in or be responsible for construction of the Project.
2. Although the Foundation will not own the Project, the Foundation and the District agree that all funds received by the Foundation for the Project will be provided to the District as provided in paragraph 3.
3. Receipts and Disbursements. It is the intent of the District and the Foundation that all funds raised by the Foundation for this project will be spent on the Project.

4. The Foundation will disburse raised funds to the District when the campaign is deemed to be completed by the District. Funds from the Project campaign will be deposited by the Foundation immediately upon receipt and held until dispersed to the District.
5. The Foundation will generate monthly fundraising financial reports until completion of the Project, commencing with the month of September, 2022 that show cash receipts and the remaining project cash balance.
6. Any interest earned on the funds will belong to Red Oak ISD and be included once project funds are dispersed.

District Duties

The District will be responsible for promoting and marketing the Project campaign to allow the Foundation to continue focusing on its original mission and purpose.

Modification and Termination.

1. This MOU may be terminated by either party, effective upon written notice to the other party, at least sixty (60) days in advance.
2. This MOU may be reviewed from time to time at the request of the District Board of Trustees or the Board of the Foundation. If the Parties agree, the MOU may be modified in writing at any time.

This Memorandum is effective September _____ 2022.

RED OAK ISD BOARD OF TRUSTEES

RED OAK ISD EDUCATION FOUNDATION

Mr. John Anderson, President

Karen Stanfill, President

ATTEST:

ATTEST:

Brian Sebring, Secretary

Ms. Lynne Grandstaff, Secretary

RECOMMENDED:

RECOMMENDED:

Brenda Sanford, Superintendent

Ms. Karen Anderson, Executive Director

Adoption of the National Incident Management System (NIMS)

Presented for:

Board Action _____

Report/Review Only _____

Supporting documents:

None _____

Attached _____

Provided Later _____

Contact Person:

Phillip Prasifka, Chief of Police, Red Oak ISD Police Department

Background Information:

On February 28, 2003, the President of the United States issued Homeland Security Presidential Directive (HSPD)-5 that directed the Department of Homeland Security, in cooperation with federal, state, and local governments, to develop a National Incident Management System (NIMS) to provide a consistent approach to the effective management of situations involving natural disasters, man-made disasters, or terrorism.

NIMS has been identified by the Federal Government as being the requisite emergency management system for all political subdivisions. Failure to adopt NIMS could preclude reimbursement to the District for costs expended during and after a declared emergency of disaster and for training and preparation for such disasters or emergencies.

The Red Oak ISD Emergency Operations Plan (EOP) Basic Plan, which was submitted to the Texas School Safety Center, requires a specific adoption date for NIMS. For EOP purposes, if approved by the School Board, the formal adoption date would be October 17, 2022, and this updated information would be included in an amended EOP and submitted to the Texas School Safety Center.

Fiscal Implications:

None.

Administrative Recommendation:

Administration recommends that the Board formally adopt the National Incident Management System (NIMS).

School Health Advisory Council (SHAC)

Presented for:

Board Action X

Report/Review Only _____

Supporting documents:

None X

Attached _____

Provided Later _____

Contact Person:

Susan Brown, BSN, RN, Director of Health Services

Background Information:

The goal of the Red Oak ISD SHAC is to advise Red Oak ISD decision makers regarding student’s needs and assets related to health knowledge and skills. Regarding policies and procedures that impact student health, and regarding the health of the school environment, TAC Education Code 28.004.

2022-2023 SHAC Committee Members

- Sue Brown (ROISD Health Services/SHAC Liaison):
- Deb Harner (ROISD SHAC Coordinator)
- Toshia Silva-Reyes (Parent/RPS)
- Sherelle Shaw (Parent/ ROMS)
- Kally Roberts (Parent/EES)
- Doreshia Ford (Parent/ ROE)
- Brittany Alexander (Parent/ROE)
- Kendra Morris (Parent/DTS)
- Alma Sosa (Parent/Wooden)
- Andrea Jones (ROISD Counselor)
- Cassie Street (Parent/ROHS)
- Dr. Piantini (Community/ Medical)
- Sheila Domstead (Community)
- Victoria Ybarra (ROISD Child Nutrition)
- Johnny Knight (ROISD Board)
- Donna Knight (ROISD Board)

Fiscal Implications:

None

Administrative Recommendation:

Administration recommends the approval of council members for the 2022-2023 school year.

Strong Foundations Math Program

Board Action

Report/Review Only

Supporting documents:

None

Attached

Provided Later

Contact Person:

Melissa Sulak, Executive Director of Curriculum and Instruction

Background Information:

TEA is offering the Math and Literacy Framework Development Grant based on feedback from numerous districts that it is the most important work they completed to build a strong foundation for strategic planning and change management. The investment in collective learning is grounded in the research of how kids learn in literacy and math, as well as in the Texas Essential Knowledge and Skills (TEKS). It helps districts develop a clear, research-based system of values and guidance, ensure alignment of curriculum and instruction systems, and build the "why" behind instructional changes for all stakeholders. Many districts have used this framework to evaluate and improve alignment of instructional materials and professional development supports, while also drawing clear connections to the new changes in the STAAR Redesign.

ROISD has been awarded a grant for math framework development. This process will include collective learning and collaborative work.

Fiscal Implications:

ROISD was awarded \$100,000 to develop a math foundations framework. The grant requires that 70%, \$70,000, be spent with an approved provider.

Administrative Recommendation:

Administration recommends approval of payment of \$70,000 to The Meadows Center for Preventing Educational Risk (MCPER) for service, an approved provider of the Strong Foundations framework development process.



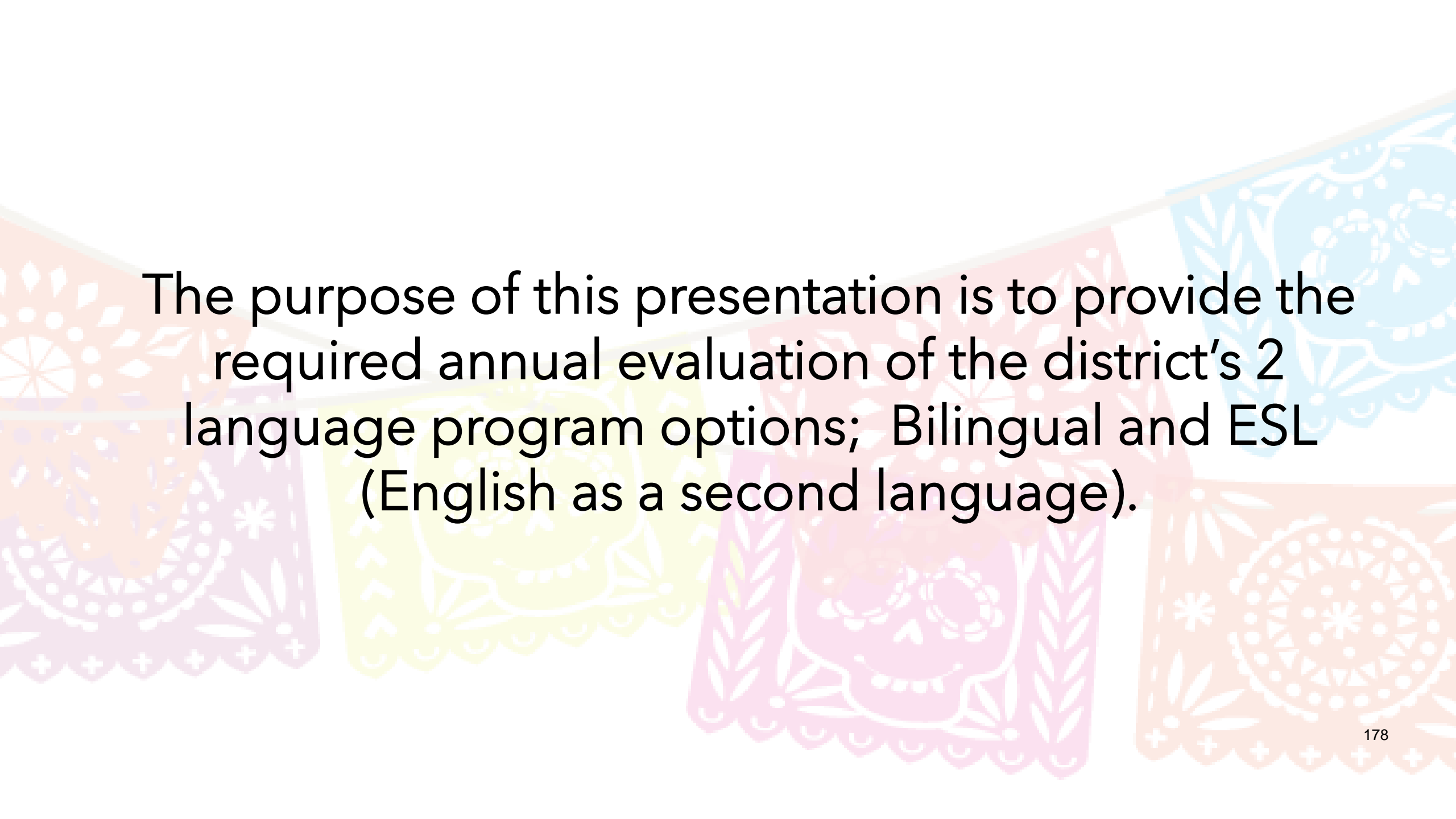
Bilingual/ ESL Program Evaluation

Rebecca Vega

Director of Specialized Learning

Magda Davis

Assistant Director of State and Federal Programs



The purpose of this presentation is to provide the required annual evaluation of the district's 2 language program options; Bilingual and ESL (English as a second language).

Language Program Descriptions

ESL – English as a Second Language

PK-2nd Grade:

Content Based ESL Program – All content is delivered in a self-contained setting by an ESL Certified teacher.

3 – 12th Grade:

Pull-Out ESL Program – ELAR teacher of record is ESL certified and provides ESL support.

Bilingual One-Way Dual Language Immersion Program

The goal of our One-Way Dual Language Immersion Program is for students to attain full proficiency in English, as well as in Spanish.

Red Oak ISD has chosen to implement the Gomez & Gomez One-Way Dual Language Model.

Language of Instruction

PK – Language Arts (Spanish); Math (English); Science and Social Studies (Spanish)

Kindergarten – Language Arts (Spanish); Math (English); Science and Social Studies (Spanish)

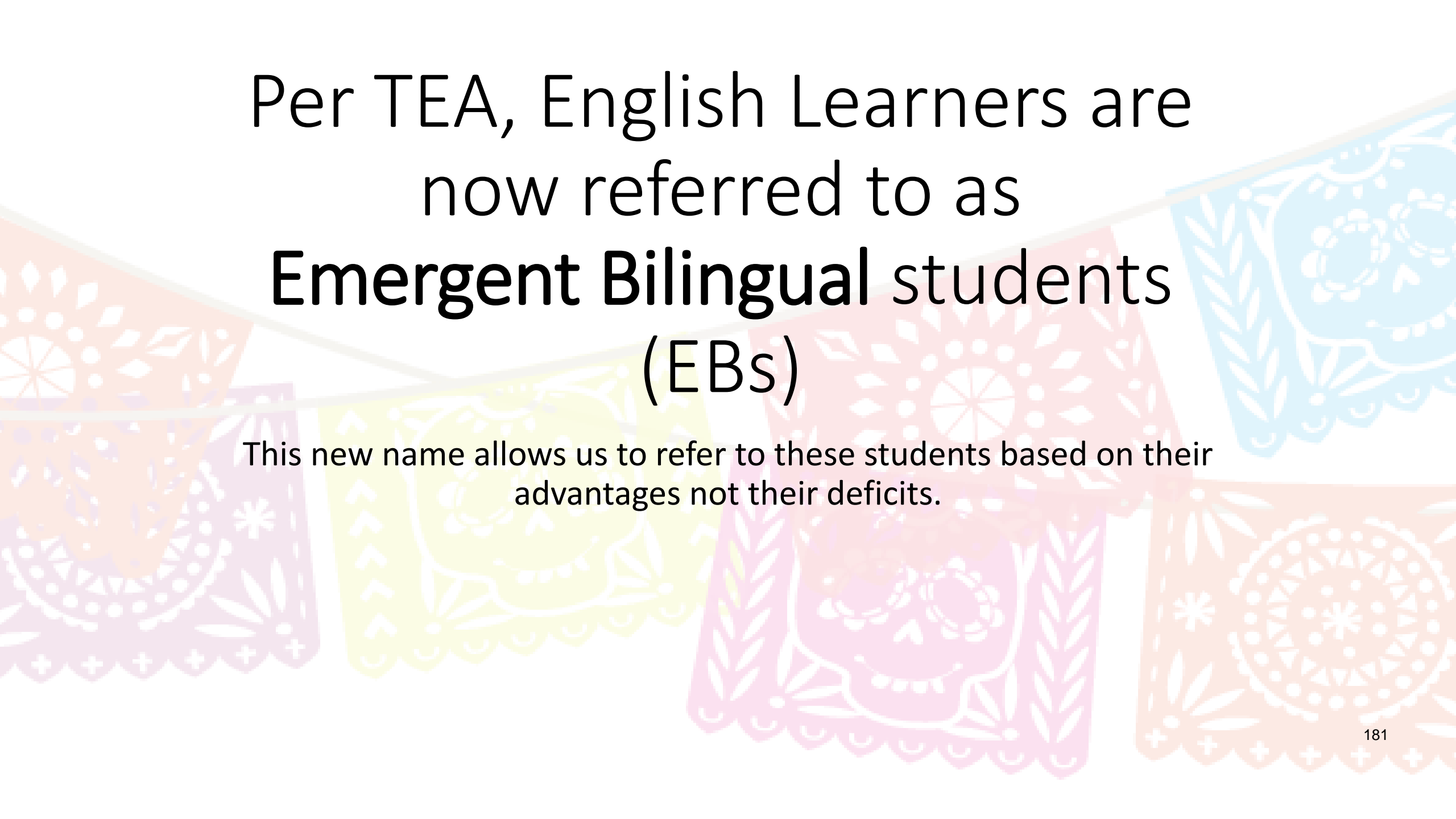
First Grade – Language Arts (Spanish); Math (English); Science and Social Studies (Spanish)

Second Grade – Language Arts (English & Spanish); Math (English); Science and Social Studies (Spanish)

Third Grade – Language Arts (English & Spanish); Math (English); Science and Social Studies (Spanish)

Fourth Grade – Language Arts (English & Spanish); Math (English); Science and Social Studies (Spanish)

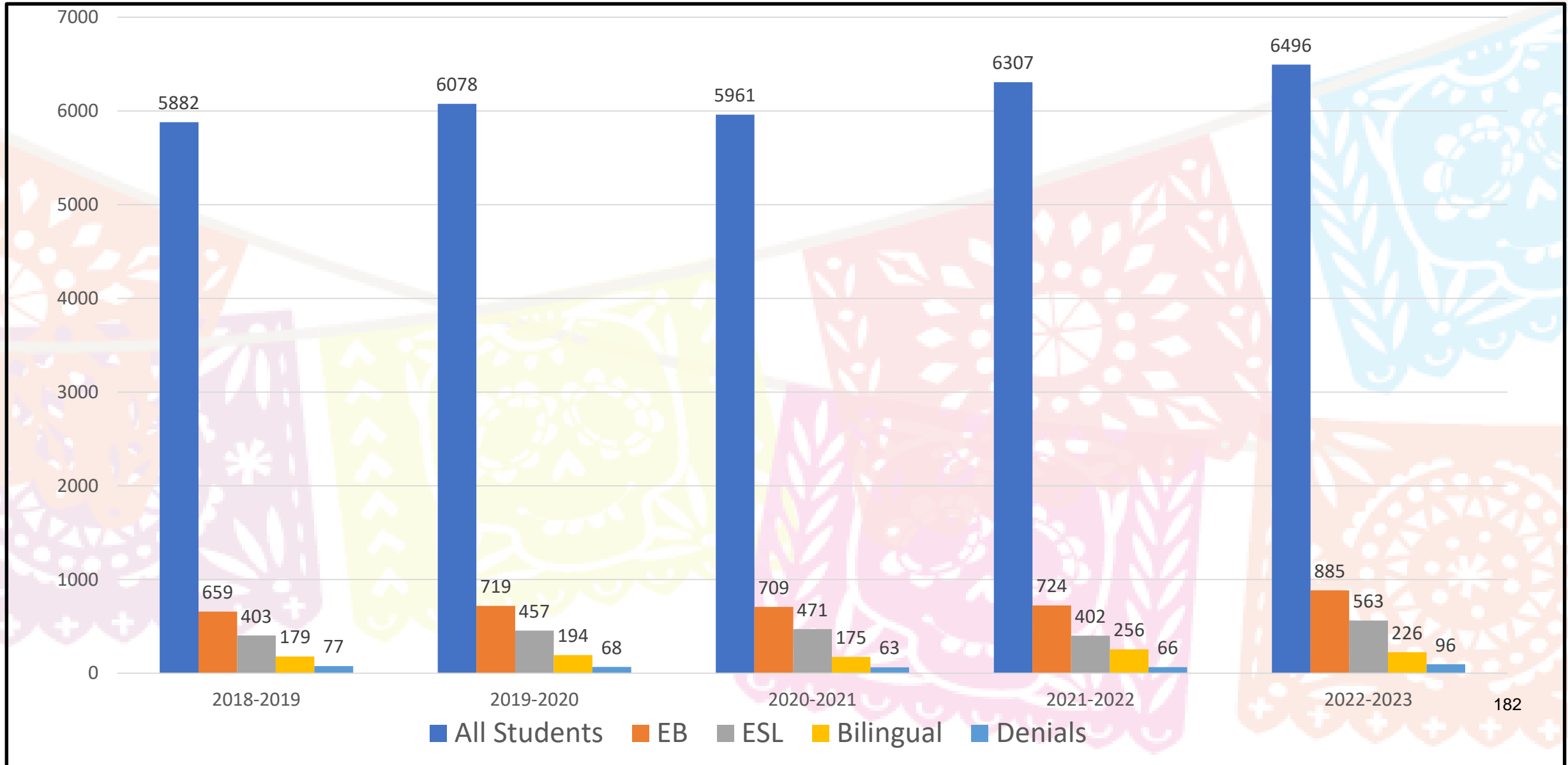
Fifth Grade – Language Arts (English & Spanish); Math (English); Science and Social Studies (English)



Per TEA, English Learners are
now referred to as
Emergent Bilingual students
(EBs)

This new name allows us to refer to these students based on their advantages not their deficits.

EB Enrollment Growth for Red Oak ISD



Emergent Bilingual Percentages

2021-2022 Stats

- Total Student Enrollment **6,307**
- **796** EBs – 12.6% of total enrollment
- **536** in ESL Program (PK-12th) – 8.5%
- **179** in Bilingual Program (PK-5th)- 2.8%
- **83** Program Denials – 1.3%

(After FALL 2021 PEIMS Verification & proper coding corrections)

2022 – 2023 Stats

- Total Student Enrollment **6,496**
- **885** EBs – 13.6%
- **563** in ESL Program (PK-12th) – 8.6%
- **226** in Bilingual Program (PK-5th)- 3.5%
- **96** Program Denials – 1.48%

Findings:

Total Enrollment growth of 89 EB students.

Our EL numbers increased by 1%

Students in the ESL Program increased by 0.1% (27 students)

Students in the Dual Language Immersion program increased by 0.7% (47 students)

Program denials increased by 0.18% (13 students)

Immigrant Students

- Are age 3-21
- Not born in US
- Have less than 3 academic years in US schools

We currently have 28 students from 14 different countries – 3.16% of our EBs

| Countries |
|-------------|
| Brazil |
| El Salvador |
| Gambia |
| Germany |
| Guatemala |
| Honduras |
| Kenya |
| Italy |
| Japan |
| Mexico |
| Philippines |
| Sri Lanka |
| Vietnam |
| Zimbabwe |

TELPAS TESTING – Texas English Language Proficiency Assessment System

- TELPAS testing is what the state uses to monitor EB student progress in English language acquisition in listening, speaking, reading and writing.
- 804 students were tested With TELPAs last Spring.
- 4 were tested with TELPAS ALT (severe cognitively delayed students)

Kinder – 2nd Grade EL Results (179 students tested)

| | Beginner | Intermediate | Advanced | ADV High |
|------------------|----------|--------------|----------|----------|
| Listening | 13% | 35% | 32% | 21% |
| Speaking | 20% | 45% | 30% | 6% |
| Reading | 41% | 31% | 20% | 8% |
| Writing | 41% | 27% | 22% | 10% |
| Composite Rating | 18% | 42% | 31% | 9% |

3rd – 12th Grade EL Results (625 students tested)

| | Beginner | Intermediate | Advanced | ADV High |
|------------------|----------|--------------|----------|----------|
| Listening | 6% | 24% | 37% | 33% |
| Speaking | 15% | 41% | 40% | 5% |
| Reading | 10% | 36% | 28% | 25% |
| Writing | 5% | 26% | 35% | 34% |
| Composite Rating | 2% | 35% | 47% | 16% |

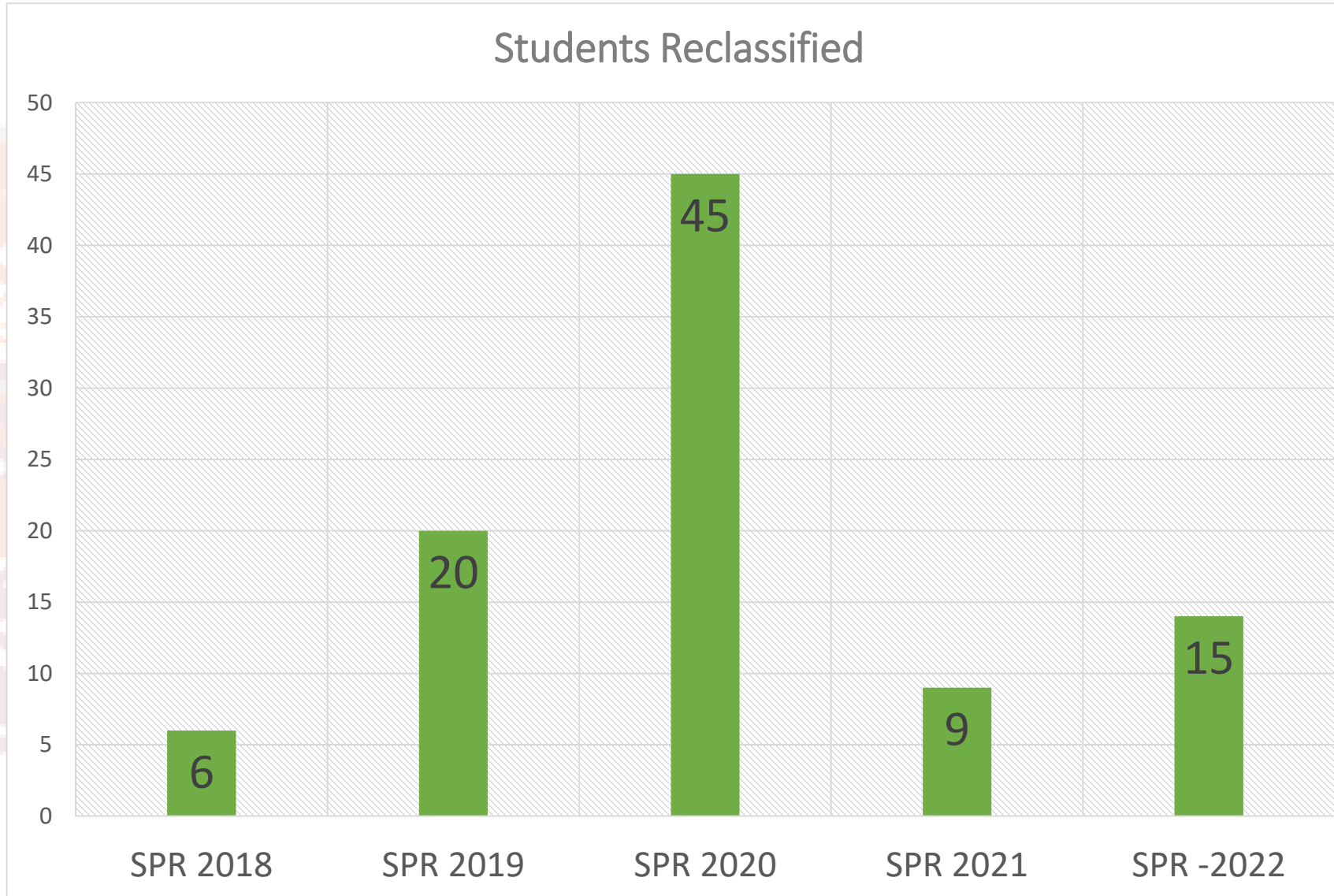
Yearly Progress of Composite Rating

ROISD K-2nd – **51%** Statewide – 44%
 ROISD 3rd-12th – 29% Statewide – 36%

Met TELPAS Reclassification Criteria

15 students – 1.86% of those tested

Reclassified from Bilingual or ESL



14 students were able to reclassify this year. This means they are now classified as English Proficient.

Reclassification Criteria:

SPRING 2020

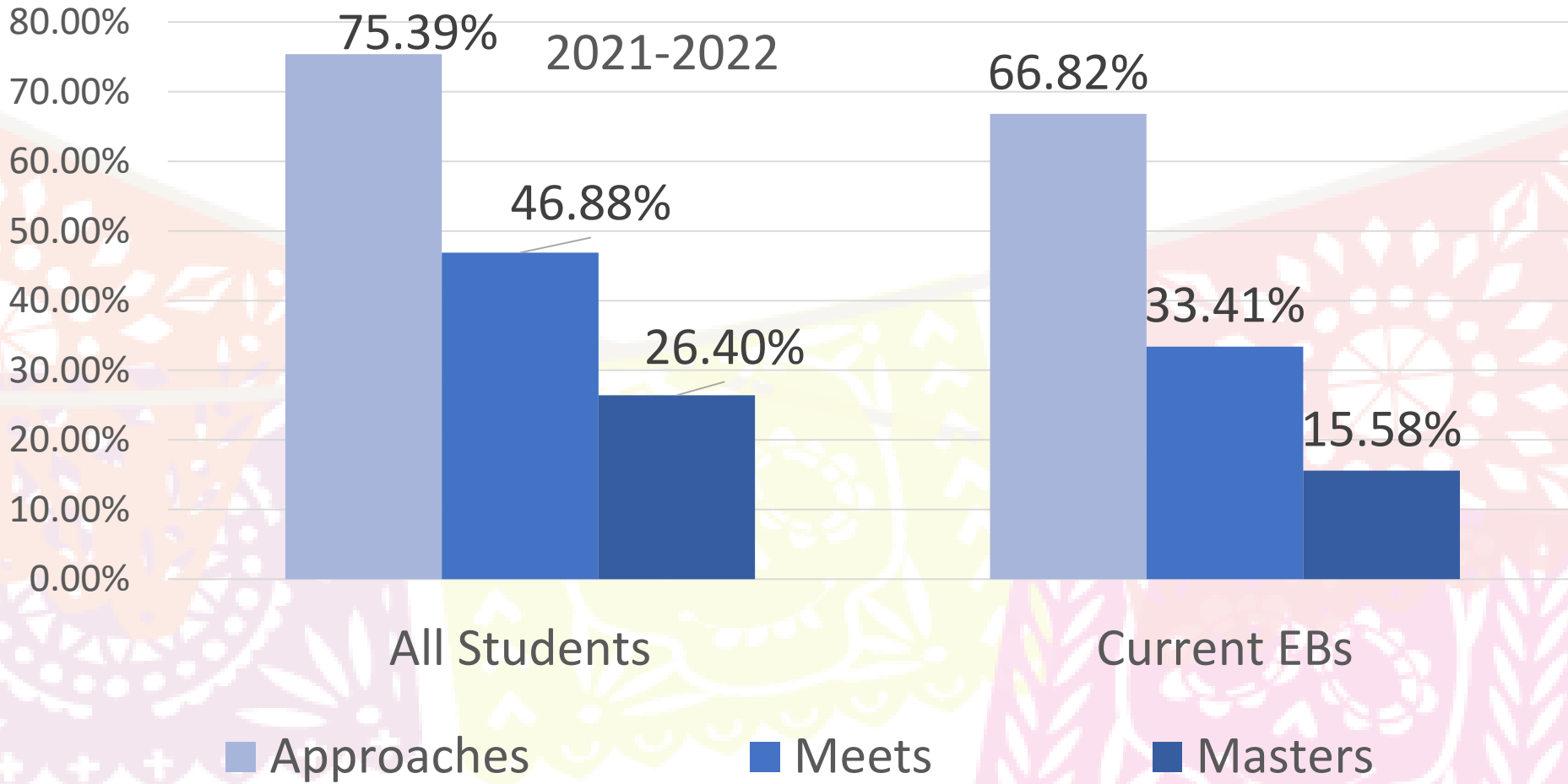
1. Pass LAS Links language testing
2. Teacher Rubric

****Because we did not take STAAR in 2020, students did not need STAAR reading score to reclassify. We also had an alternate language testing option. This explains the increase in Spring 2020.**

SPRING 2021 & SPRING 2022

1. TELPAS –AH in all 4 domains
2. At least APPROACHES score on Reading STAAR without Language⁶ Accommodations
3. Teacher Rubric

Testing Data – **Reading** STAAR PERFORMANCE (3rd – 8th grade)



Findings:
8.57% fewer Current EB students passed compared to the group of all students.

13.47% fewer EB students are at grade level compared to all students.

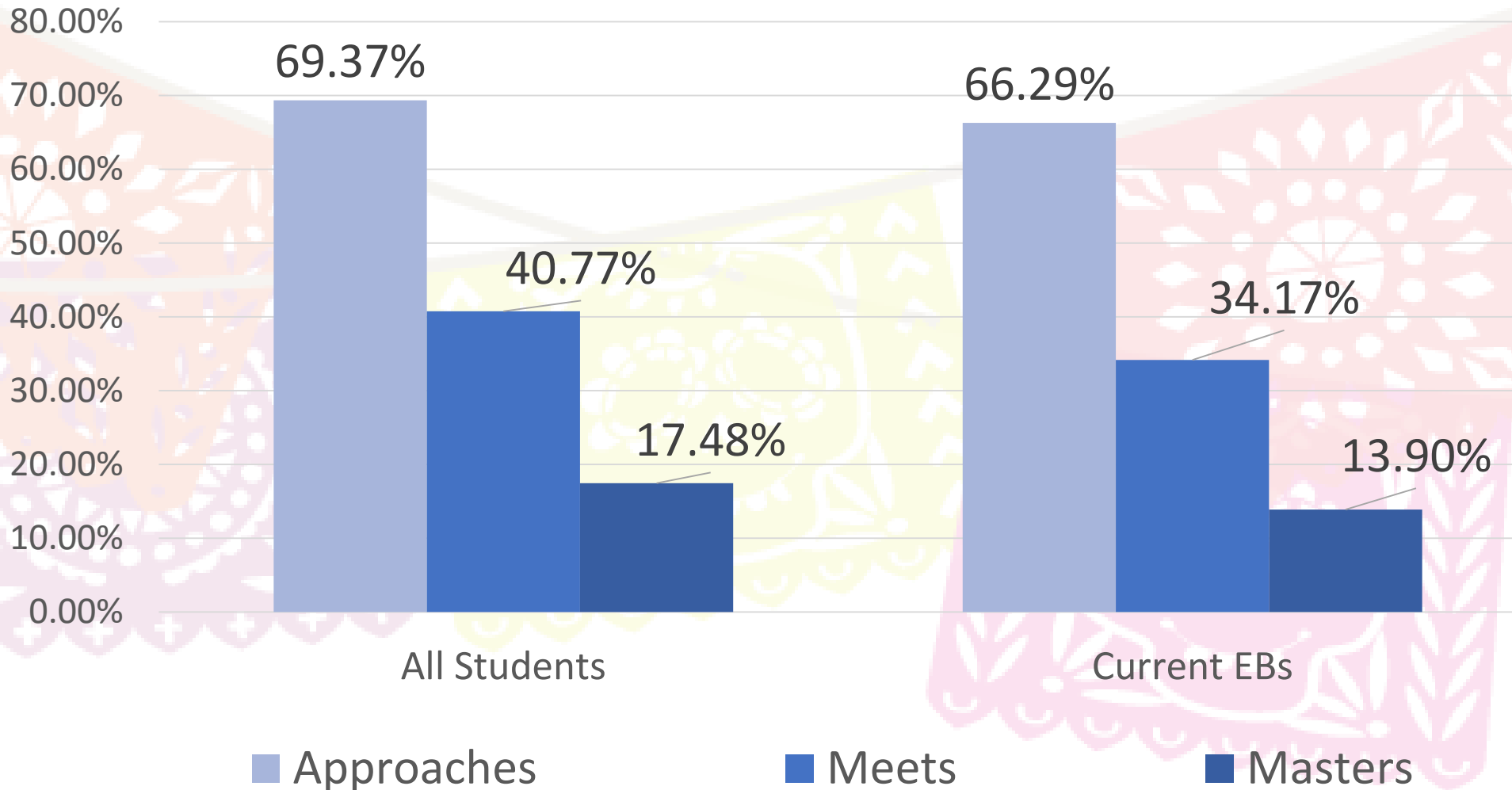
10.82% fewer EB students mastered compared to all students.

Much instructional and linguistic support is needed to grow ELs in more complex grade level appropriate vocabulary and English proficiency through listening, speaking, reading and writing activities.

Newcomer support is also an area of need in our secondary grade levels.

Testing Data – **Math** STAAR PERFORMANCE (3rd – 8th grade)

2021-2022



Findings:

Only 2.58% fewer EBs passes compared to all students.

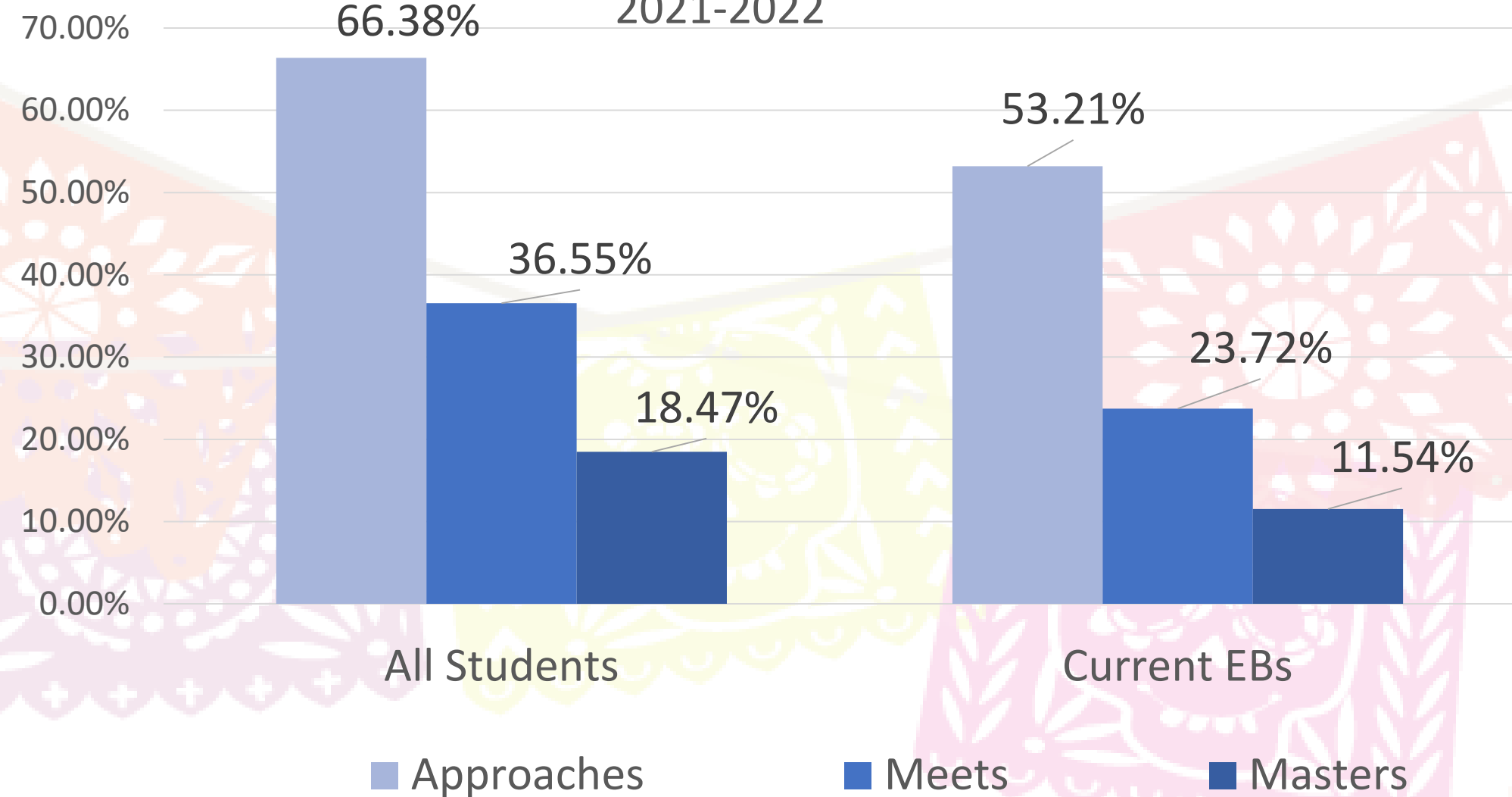
6.6% fewer EBs are at grade level compared to all students.

Only 3.58% fewer EBs are at masters level compared to all students.

Gaps are less significant than those in reading.

Testing Data – Science STAAR PERFORMANCE (5th & 8th Grade)

2021-2022



Findings:

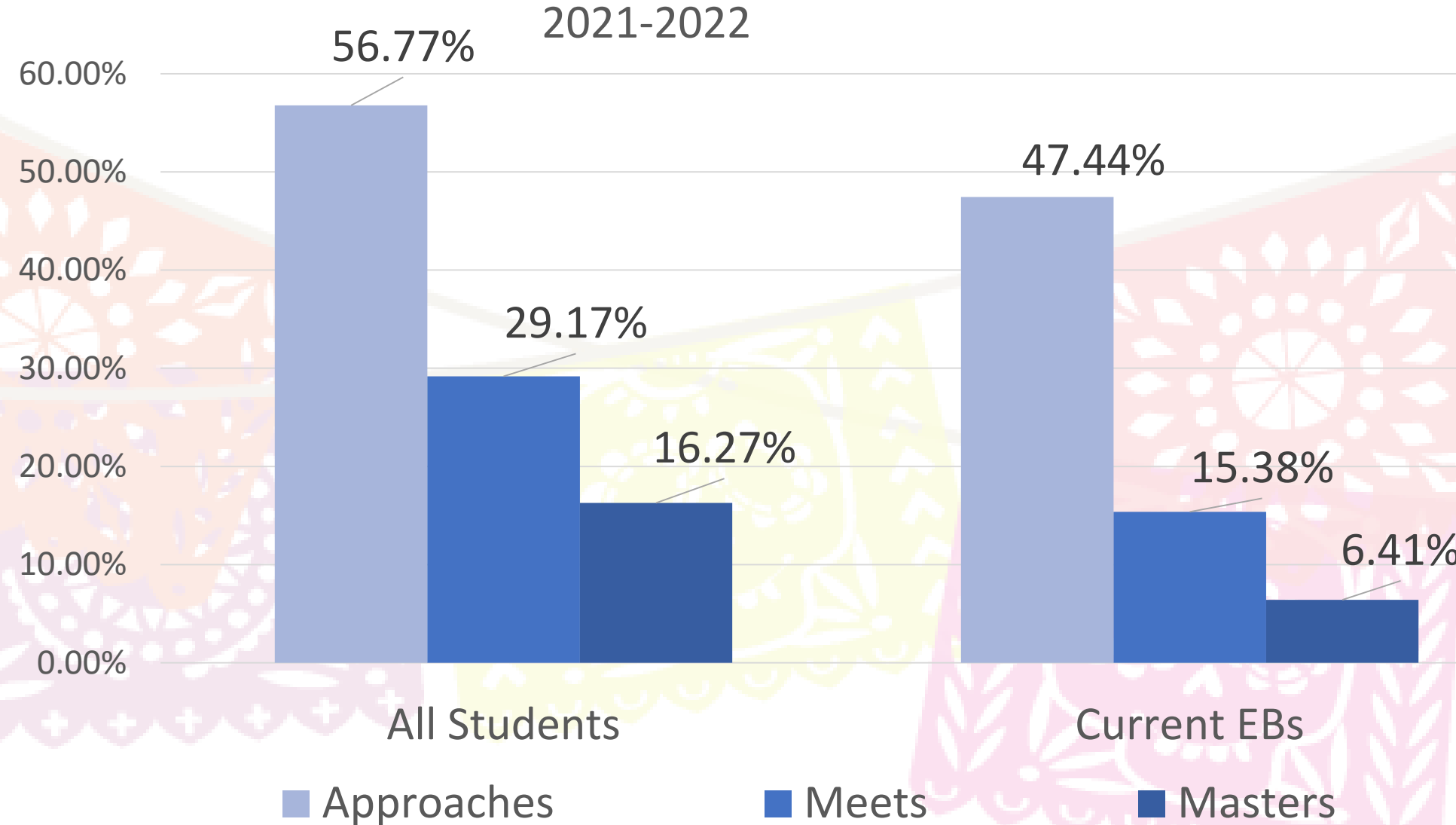
13.17% fewer EBs passed compared to all students in ROISD.

12.83% fewer EBs were at grade level compared to all students.

6.93% fewer EBs were at masters level compared to all ROISD students.

This may be due to content vocabulary.

Testing Data – **Social Studies** STAAR PERFORMANCE (8th Grade)



Findings:
9.33% fewer EBs passed compared to all students.
13.79 fewer EBs are at grade level compared to all students
9.86% fewer EBs mastered compared to all students.

| ENGLISH I | Approaches | Meets | Masters |
|---------------------|------------|-------|---------|
| All Students | 67% | 47% | 7.4% |
| Emergent Bilinguals | 44% | 26% | 2% |

| ENGLISH II | Approaches | Meets | Masters |
|---------------------|------------|-------|---------|
| All Students | 76% | 61% | 8.4% |
| Emergent Bilinguals | 53% | 31% | 0% |

| ALGEBRA I | Approaches | Meets | Masters |
|---------------------|------------|-------|---------|
| All Students | 78% | 51% | 31% |
| Emergent Bilinguals | 55% | 27% | 20% |

| BIOLOGY | Approaches | Meets | Masters |
|---------------------|------------|-------|---------|
| All Students | 85% | 56% | 20% |
| Emergent Bilinguals | 62% | 32% | 8% |

| U S HISTORY | Approaches | Meets | Masters |
|---------------------|------------|-------|---------|
| All Students | 87% | 65% | 36% |
| Emergent Bilinguals | 74% | 37% | 11% |

High School End of Course Exams

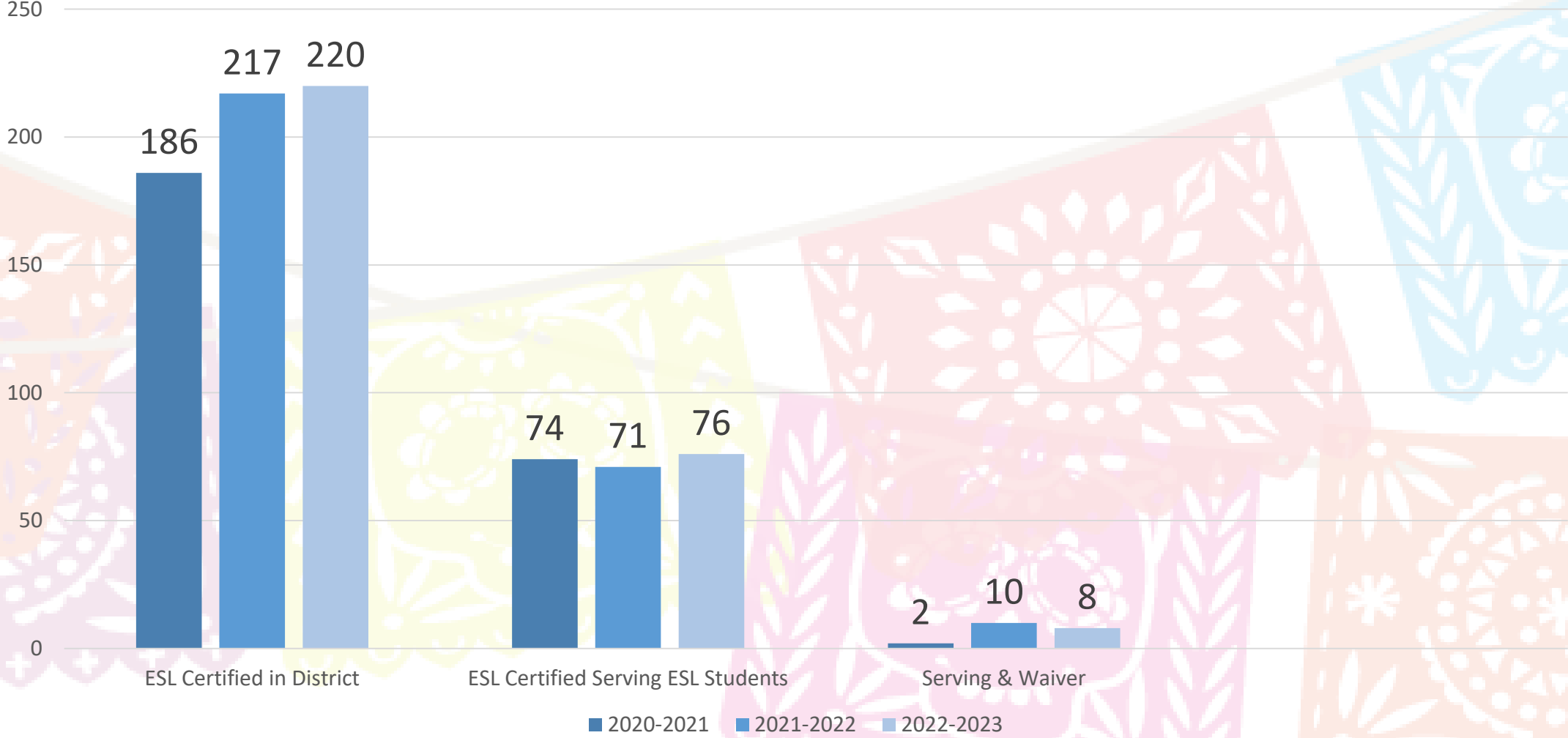
Findings:

Current EBs averaged a 20% to 30% difference from all students in Meets standard.

Further supports in Listening, Speaking, Reading and Writing activities as well as an emphasis in content vocabulary will close these gaps for EB students.

Red Oak ISD Staff

ESL Staff



ESL Waiver/ Bilingual Exceptions

Red Oak ISD will need to file an ESL waiver for the 2022-2023 school year to address those teachers who have EB students in class, but have not yet completed their ESL certification.

For 2021-2022, we had to file a waiver for 9 ESL teachers of which 4 achieved ESL certification by the end of the year.

We currently have 8 teachers for whom we will need to file a ESL waiver.

A Comprehensive Professional Development Plan is being developed as required under TAC 89.1207.

*No bilingual exceptions are needed since all of our bilingual classroom needs are being addressed by a certified bilingual teacher.

Professional Development

Region 10 LPAC Framework Training – District and Campus LPAC Coordinators

Bilingual/ESL Quarterly Directors Meeting with Region 10 – Director and Assistant Director of Specialized Learning

Bilingual Instructional Coaching – Elementary Bilingual Teachers

Gomez & Gomez Dual Language Training – Continued growth in the program development and consistency in best practices for EBs.

7 Steps of a Language Rich Environment – Continued training in the 7 Steps through our Instructional Coaches and the Ellevation EL Strategies platform.

Sheltered Instruction & Region 10 ESL prep trainings– Offered through Region 10 throughout the school year

Comprehensive Professional Development Plan

A Comprehensive Professional Development Plan has been developed to support our bilingual and ESL teachers as a result of the ESL waiver.

- The plan is ongoing and targets the development of the knowledge, skills, and competencies needed to serve the needs of our English learners.
- The plan includes the teachers who are not currently certified.
- The plan will include the opportunity to support additional teachers who work with Emergent Bilingual students.

Comprehensive Professional Development Plan Goals

The following are the goals of the 2022-2023 Comprehensive Professional Development Plan:

Goal 1: Red Oak ISD will provide professional development targeting competencies needed to serve the needs of Emergent Bilingual students.

Goal 2: Red Oak ISD will provide opportunity for Bilingual/ESL teachers to attend professional training focusing on meeting the needs of Emergent Bilinguals.

Goal 3: Red Oak ISD has a Bilingual/ESL coach to provide ongoing PD and support targeting development of competencies needed to serve Emergent Bilinguals, PK-5th grade.

Goal 4: Red Oak ISD will pay for the certification testing fee and associated expenses.

RED OAK ISD

Daily Enrollment & Attendance Analysis for the Day ending: 10-7-2022

| RED OAK HIGH SCHOOL - 001 | | EOY | EOY | EOY | EOY | EOY |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 12th Grade | 508 | 480 | 423 | 468 | 444 | 455 |
| 11th Grade | 441 | 500 | 477 | 432 | 458 | 439 |
| 10th Grade | 520 | 458 | 529 | 511 | 438 | 458 |
| 9th Grade | 691 | 556 | 475 | 540 | 511 | 456 |
| Total Enrollment | 2160 | 1994 | 1904 | 1951 | 1851 | 1808 |

| | |
|-----------------|-----|
| Total Absences: | 136 |
|-----------------|-----|

| Daily ADA | % of Attendance |
|------------|-----------------|
| 2024.00 | 93.70 |
| 2ND SW ADA | % of Attendance |
| 2047.22 | 94.80 |
| Yearly ADA | % of Attendance |
| 2038.73 | 94.90 |

| 2ND SW ADA Percentage Breakdown | | |
|---------------------------------|-----------|----------------|
| ROHS | 10-7 Only | 9-26 THRU 11-4 |
| 12th Grade | 92.52 | 94.61 |
| 11th Grade | 95.92 | 95.61 |
| 10th Grade | 94.04 | 94.83 |
| 9th Grade | 92.91 | 94.43 |

| RED OAK MIDDLE SCHOOL - 041 | | EOY | EOY | EOY | EOY | EOY |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 8th Grade | 545 | 588 | 498 | 470 | 503 | 478 |
| 7th Grade | 509 | 512 | 544 | 514 | 447 | 480 |
| 6th Grade | 484 | 492 | 486 | 529 | 487 | 433 |
| Total Enrollment | 1538 | 1592 | 1528 | 1513 | 1437 | 1391 |

| | |
|-----------------|-----|
| Total Absences: | 109 |
|-----------------|-----|

| Daily ADA | % of Attendance |
|------------|-----------------|
| 1429.00 | 92.91 |
| 2ND SW ADA | % of Attendance |
| 1460.33 | 95.27 |
| Yearly ADA | % of Attendance |
| 1444.68 | 95.40 |

| 2ND SW ADA Percentage Breakdown | | |
|---------------------------------|-----------|----------------|
| ROMS | 10-7 Only | 9-26 THRU 11-4 |
| 8th Grade | 91.19 | 94.39 |
| 7th Grade | 94.89 | 95.52 |
| 6th Grade | 92.77 | 95.98 |

| ELLIS COUNTY JJAEP - 009 | | EOY | EOY | EOY | EOY | EOY |
|--------------------------|----------|---------|---------|---------|---------|---------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 12th Grade | 0 | | | | | |
| 11th Grade | 0 | | | | | |
| 10th Grade | 0 | | | | | |
| 9th Grade | 4 | | | | | |
| 8th Grade | 3 | | | | | |
| 7th Grade | 0 | | | | | |
| 6th Grade | 0 | | | | | |
| 5th Grade | 0 | | | | | |
| Total Enrollment | 7 | | | | | |

| | |
|-----------------|---|
| Total Absences: | - |
|-----------------|---|

| Daily ADA | % of Attendance |
|------------|-----------------|
| - | - |
| 2ND SW ADA | % of Attendance |
| - | - |
| Yearly ADA | % of Attendance |
| - | - |

| 2ND SW ADA Percentage Breakdown | | |
|---------------------------------|-----------|----------------|
| JJAEP | 10-7 Only | 9-26 THRU 11-4 |
| 12th Grade | | |
| 11th Grade | | |
| 10th Grade | | |
| 9th Grade | | |
| 8th Grade | | |
| 7th Grade | | |
| 6th Grade | | |
| 5th Grade | | |

| RED OAK ELEMENTARY - 101 | | EOY | EOY | EOY | EOY | EOY |
|--------------------------|------------|------------|------------|------------|------------|------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 5th Grade | 71 | 113 | 107 | 98 | 113 | 113 |
| 4th Grade | 97 | 75 | 108 | 116 | 100 | 106 |
| 3rd Grade | 65 | 97 | 73 | 103 | 101 | 91 |
| 2nd Grade | 88 | 68 | 95 | 78 | 94 | 101 |
| 1st Grade | 73 | 94 | 72 | 94 | 81 | 90 |
| Kinder | 85 | 62 | 85 | 72 | 79 | 71 |
| Pre-K | 29 | 38 | 19 | 46 | 36 | 34 |
| EE | 16 | 22 | 24 | 15 | 15 | 14 |
| Total Enrollment | 524 | 569 | 583 | 622 | 619 | 620 |

| | |
|-----------------|------|
| Total Absences: | 26.5 |
|-----------------|------|

| Daily ADA | % of Attendance |
|------------|-----------------|
| 481.00 | 94.78 |
| 2ND SW ADA | % of Attendance |
| 477.39 | 94.46 |
| Yearly ADA | % of Attendance |
| 474.75 | 94.65 |

| 2ND SW ADA Percentage Breakdown | | |
|---------------------------------|-----------|----------------|
| ROE | 10-7 Only | 9-26 THRU 11-4 |
| 5th Grade | 97.18 | 95.93 |
| 4th Grade | 93.81 | 96.56 |
| 3rd Grade | 96.92 | 96.58 |
| 2nd Grade | 93.18 | 95.96 |
| 1st Grade | 100.00 | 94.33 |
| Kinder | 92.94 | 87.62 |
| Pre-K | 82.76 | 93.10 |
| EE | 85.71 | 96.03 |

| WOODEN ELEMENTARY - 102 | | EOY | EOY | EOY | EOY | EOY |
|--------------------------------|------------|----------------|----------------|----------------|----------------|----------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 5th Grade | 90 | 96 | 85 | 118 | 97 | 93 |
| 4th Grade | 77 | 87 | 85 | 97 | 112 | 94 |
| 3rd Grade | 87 | 74 | 71 | 96 | 96 | 100 |
| 2nd Grade | 60 | 87 | 79 | 83 | 98 | 91 |
| 1st Grade | 79 | 60 | 88 | 85 | 78 | 91 |
| Kinder | 81 | 72 | 54 | 98 | 73 | 67 |
| Pre-K | 27 | 38 | 22 | 0 | 29 | 17 |
| EE | 1 | 1 | 3 | 1 | 3 | 4 |
| Total Enrollment | 502 | 515 | 487 | 578 | 586 | 557 |

| | |
|------------------------|-----------|
| Total Absences: | 32 |
|------------------------|-----------|

| | |
|-------------------|------------------------|
| Daily ADA | % of Attendance |
| 455.00 | 93.43 |
| 2ND SW ADA | % of Attendance |
| 455.66 | 93.67 |
| Yearly ADA | % of Attendance |
| 462.29 | 95.28 |

| 2ND SW ADA Percentage Breakdown | | |
|--|------------------|-----------------------|
| HAW | 10-7 Only | 9-26 THRU 11-4 |
| 5th Grade | 95.56 | 95.93 |
| 4th Grade | 100.00 | 96.56 |
| 3rd Grade | 89.66 | 94.59 |
| 2nd Grade | 93.33 | 92.96 |
| 1st Grade | 92.41 | 92.83 |
| Kinder | 91.36 | 89.79 |
| Pre-K | 84.62 | 87.18 |
| EE | 0.00 | 0.00 |

| EASTRIDGE ELEMENTARY - 103 | | EOY | EOY | EOY | EOY | EOY |
|-----------------------------------|------------|----------------|----------------|----------------|----------------|----------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 5th Grade | 80 | 69 | 88 | 67 | 89 | 80 |
| 4th Grade | 100 | 75 | 61 | 75 | 61 | 91 |
| 3rd Grade | 75 | 89 | 76 | 56 | 79 | 67 |
| 2nd Grade | 86 | 67 | 72 | 70 | 62 | 73 |
| 1st Grade | 78 | 86 | 61 | 78 | 76 | 65 |
| Kinder | 66 | 68 | 67 | 64 | 64 | 63 |
| Pre-K | 22 | 21 | 14 | 32 | 14 | 21 |
| EE | 3 | 4 | 3 | 2 | 1 | 3 |
| Total Enrollment | 510 | 479 | 442 | 444 | 446 | 463 |

| | |
|------------------------|-----------|
| Total Absences: | 33 |
|------------------------|-----------|

| | |
|-------------------|------------------------|
| Daily ADA | % of Attendance |
| 463.50 | 93.35 |
| 2ND SW ADA | % of Attendance |
| 467.00 | 94.98 |
| Yearly ADA | % of Attendance |
| 465.32 | 95.28 |

| 2ND SW ADA Percentage Breakdown | | |
|--|------------------|-----------------------|
| EES | 10-7 Only | 9-26 THRU 11-4 |
| 5th Grade | 97.50 | 97.88 |
| 4th Grade | 100.00 | 96.96 |
| 3rd Grade | 88.00 | 92.88 |
| 2nd Grade | 86.05 | 93.36 |
| 1st Grade | 94.87 | 94.20 |
| Kinder | 92.42 | 93.65 |
| Pre-K | 91.30 | 96.94 |
| EE | 0.00 | 0.00 |

| SHIELDS ELEMENTARY - 105 | | EOY | EOY | EOY | EOY | EOY |
|---------------------------------|------------|----------------|----------------|----------------|----------------|----------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 5th Grade | 104 | 100 | 88 | 104 | 116 | 106 |
| 4th Grade | 76 | 107 | 86 | 91 | 95 | 111 |
| 3rd Grade | 72 | 74 | 88 | 85 | 88 | 90 |
| 2nd Grade | 86 | 77 | 73 | 93 | 75 | 84 |
| 1st Grade | 80 | 79 | 75 | 73 | 89 | 70 |
| Kinder | 85 | 78 | 67 | 78 | 70 | 83 |
| Pre-K | 41 | 34 | 16 | 35 | 25 | 16 |
| EE | 10 | 22 | 17 | 10 | 15 | 11 |
| Total Enrollment | 554 | 571 | 510 | 569 | 573 | 571 |

| | |
|------------------------|-------------|
| Total Absences: | 44.5 |
|------------------------|-------------|

| | |
|-------------------|------------------------|
| Daily ADA | % of Attendance |
| 487.00 | 91.63 |
| 2ND SW ADA | % of Attendance |
| 496.72 | 93.62 |
| Yearly ADA | % of Attendance |
| 501.24 | 95.33 |

| 2ND SW ADA Percentage Breakdown | | |
|--|------------------|-----------------------|
| DTS | 10-7 Only | 9-26 THRU 11-4 |
| 5th Grade | 94.23 | 96.05 |
| 4th Grade | 88.00 | 94.22 |
| 3rd Grade | 91.67 | 94.75 |
| 2nd Grade | 91.86 | 92.89 |
| 1st Grade | 94.94 | 92.83 |
| Kinder | 88.37 | 92.07 |
| Pre-K | 90.70 | 91.32 |
| EE | 93.75 | 84.72 |

| SCHUPMANN - 107 | | EOY | EOY | EOY | EOY | EOY |
|-------------------------|------------|------------|------------|------------|------------|------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 5th Grade | 112 | 109 | 90 | 74 | 75 | 82 |
| 4th Grade | 107 | 98 | 81 | 75 | 60 | 69 |
| 3rd Grade | 114 | 98 | 83 | 68 | 71 | 61 |
| 2nd Grade | 115 | 94 | 90 | 69 | 63 | 63 |
| 1st Grade | 104 | 109 | 85 | 62 | 65 | 63 |
| Kinder | 94 | 104 | 88 | 68 | 49 | 61 |
| Pre-K | 34 | 36 | 27 | 22 | 11 | 19 |
| EE | 4 | 2 | 5 | 3 | 2 | 5 |
| Total Enrollment | 684 | 650 | 549 | 441 | 396 | 423 |

| | |
|-----------------|------|
| Total Absences: | 36.5 |
|-----------------|------|

| | |
|------------|-----------------|
| Daily ADA | % of Attendance |
| 626.50 | 94.49 |
| 2ND SW ADA | % of Attendance |
| 627.83 | 95.68 |
| Yearly ADA | % of Attendance |
| 616.38 | 95.24 |

| 2ND SW ADA Percentage Breakdown | | |
|---------------------------------|-----------|----------------|
| RPS | 10-7 Only | 9-26 THRU 11-4 |
| 5th Grade | 94.64 | 97.90 |
| 4th Grade | 95.33 | 95.68 |
| 3rd Grade | 91.23 | 95.17 |
| 2nd Grade | 94.78 | 95.33 |
| 1st Grade | 95.19 | 94.05 |
| Kinder | 97.87 | 96.27 |
| Pre-K | 91.18 | 93.64 |
| EE | 0.00 | 0.00 |

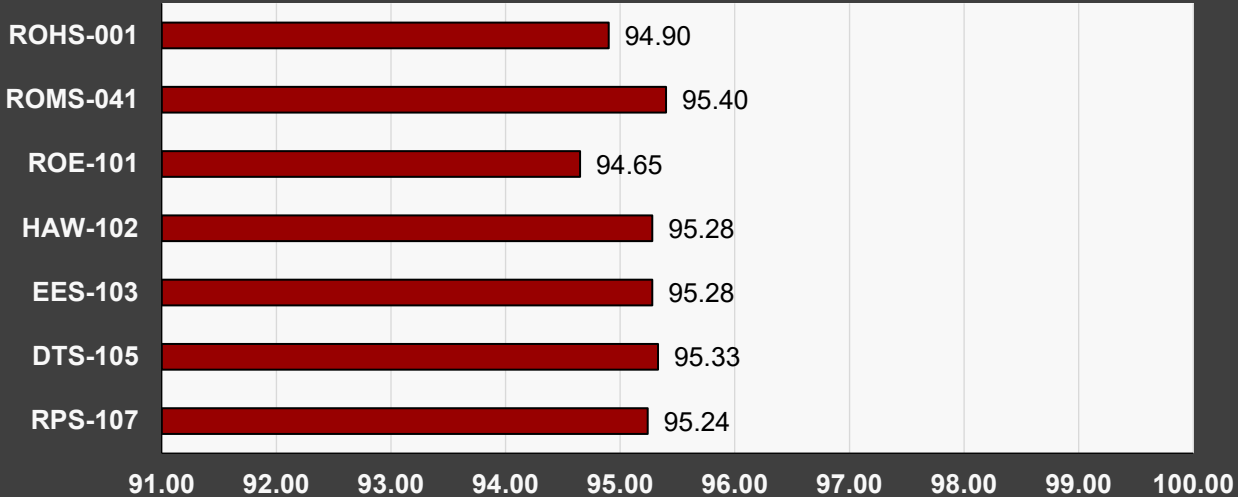
| ROISD Enrollment/Grade Level | | EOY | EOY | EOY | EOY | EOY |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| 12th Grade | 508 | 480 | 423 | 468 | 444 | 455 |
| 11th Grade | 441 | 500 | 477 | 432 | 458 | 439 |
| 10th Grade | 520 | 458 | 529 | 511 | 438 | 458 |
| 9th Grade | 695 | 556 | 475 | 540 | 511 | 456 |
| 8th Grade | 548 | 588 | 498 | 470 | 503 | 478 |
| 7th Grade | 509 | 512 | 544 | 514 | 447 | 480 |
| 6th Grade | 484 | 492 | 486 | 529 | 487 | 433 |
| 5th Grade | 457 | 487 | 458 | 461 | 490 | 474 |
| 4th Grade | 457 | 442 | 421 | 454 | 428 | 471 |
| 3rd Grade | 413 | 432 | 391 | 408 | 435 | 409 |
| 2nd Grade | 435 | 393 | 409 | 393 | 392 | 412 |
| 1st Grade | 414 | 428 | 381 | 392 | 389 | 379 |
| Kinder | 411 | 384 | 361 | 380 | 335 | 345 |
| Pre-K | 153 | 167 | 98 | 135 | 115 | 107 |
| EE | 34 | 51 | 52 | 31 | 36 | 37 |
| Total Enrollment | 6479 | 6370 | 6003 | 6118 | 5908 | 5833 |

| | |
|-----------------|-------|
| Total Absences: | 417.5 |
|-----------------|-------|

| | |
|------------|-----------------|
| Daily ADA | % of Attendance |
| 5973.00 | 93.47 |
| 2ND SW ADA | % of Attendance |
| 6038.35 | 94.80 |
| Yearly ADA | % of Attendance |
| 6006.50 | 95.13 |

| ROISD Campus YRLY SUM | | EOY | EOY | EOY | EOY | EOY |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | CY | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| ROHS-001 | 2160 | 1994 | 1904 | 1951 | 1851 | 1808 |
| ROMS-041 | 1538 | 1592 | 1528 | 1513 | 1437 | 1391 |
| ROE-101 | 524 | 569 | 583 | 622 | 619 | 620 |
| HAW-102 | 502 | 515 | 487 | 578 | 586 | 557 |
| EES-103 | 510 | 479 | 442 | 444 | 446 | 463 |
| DTS-105 | 554 | 571 | 510 | 569 | 573 | 571 |
| RPS-107 | 684 | 650 | 549 | 441 | 396 | 423 |
| Total Enrollment | 6472 | 6370 | 6003 | 6118 | 5908 | 5833 |

CAMPUS ADA PERCENTAGE - YTD



| YEAR TO DATE | |
|--------------|-------|
| ROHS-001 | 94.90 |
| ROMS-041 | 95.40 |
| ROE-101 | 94.65 |
| HAW-102 | 95.28 |
| EES-103 | 95.28 |
| DTS-105 | 95.33 |
| RPS-107 | 95.24 |



Monthly Financial Report

October 2022

RED OAK ISD-TAX COLLECTIONS

Monthly Tax Collections

As of September 30, 2022

GENERAL FUND

| | MONTHLY | YEAR TO DATE | BUDGET | YTD % OF BUDGET |
|----------------------------------|--------------|----------------|-------------------|--------------------|
| CURRENT TAXES COLLECTED | 7,301 | 102,535 | 29,195,770 | 0.35% |
| DELINQUENT TAX COLLECTED | (2,988) | 12,842 | 200,000 | 6.42% |
| PENALTIES AND INTEREST COLLECTED | 4,676 | 25,374 | 150,000 | 16.92% |
| TOTAL FUNDS COLLECTED | 8,988 | 140,751 | 29,545,770 | 0.48% |

DEBT SERVICE

| | MONTHLY | YEAR TO DATE | BUDGET | YTD % OF BUDGET |
|----------------------------------|--------------|---------------|-------------------|--------------------|
| CURRENT TAXES COLLECTED | 2,777 | 39,005 | 10,551,132 | 0.37% |
| DELINQUENT TAX COLLECTED | (1,127) | 4,352 | 50,000 | 8.70% |
| PENALTIES AND INTEREST COLLECTED | 1,764 | 9,366 | 30,000 | 31.22% |
| TOTAL FUNDS COLLECTED | 3,415 | 52,723 | 10,631,132 | 0.50% |

| | | | | |
|------------------------------|---------------|----------------|-------------------|--------------|
| TOTAL TAX COLLECTIONS | 12,403 | 193,474 | 40,176,902 | 0.48% |
|------------------------------|---------------|----------------|-------------------|--------------|

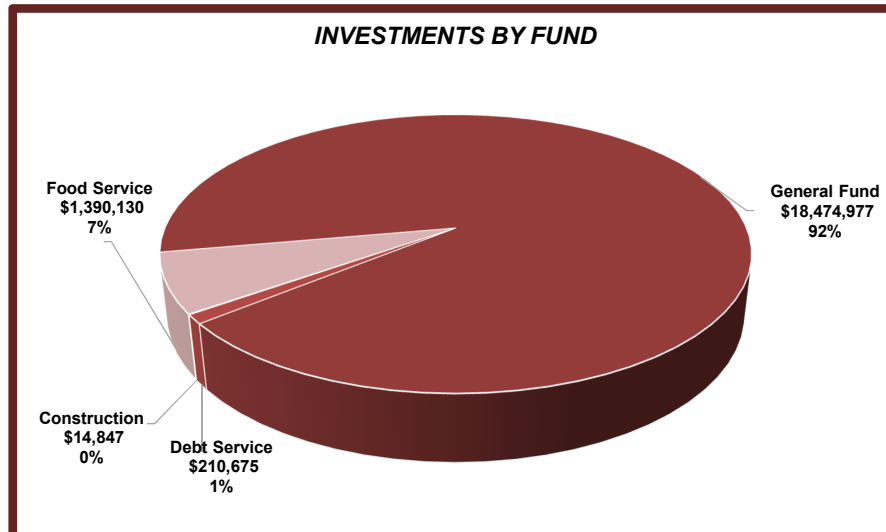
Red Oak Independent School District
Investment Summary Report
As of September 30, 2022

| INVESTMENT POOL ACCOUNTS | BEGINNING BALANCE 09/01/2022 | DEPOSITS | WITHDRAWALS | INTEREST FOR MONTH | ENDING BALANCE 09/30/2022 | INTEREST RATE | INTEREST YEAR TO DATE |
|--|---------------------------------|----------------------|---------------------|--------------------|------------------------------|---------------|-----------------------|
| <u>TEXSTAR</u> | | | | | | | |
| General Fund | \$ 9,775.27 | \$ - | \$ - | 18.41 | \$ 9,793.68 | 2.2941% | \$ 46.14 |
| <u>TEXPOOL</u> | | | | | | | |
| General Fund | 2,474.69 | - | - | 4.98 | 2,479.67 | 2.8465% | 12.79 |
| Money Market | 1,427.60 | - | - | 2.87 | 1,430.47 | 2.8465% | 7.31 |
| <u>FIRST PUBLIC-GOV.OVERNIGHT</u> | | | | | | | |
| General Fund | 16,331,821.66 | 11,436,427.37 | 9,340,000.00 | 33,024.27 | 18,461,273.30 | 2.4842% | 87,137.27 |
| Debt Service | 207,036.01 | 3,210.94 | - | 427.82 | 210,674.77 | 2.4842% | 13,458.79 |
| Construction | 14,816.27 | - | - | 30.25 | 14,846.52 | 2.4842% | 76.15 |
| Food Service | 1,586,970.15 | - | 200,000.00 | 3,159.95 | 1,390,130.10 | 2.4842% | 8,514.42 |
| TOTAL INVESTMENT POOLS | \$ 18,154,322 | \$ 11,439,638 | \$ 9,540,000 | \$ 36,669 | \$ 20,090,629 | | 109,252.87 |

We, the approved Investment Officers of Red Oak ISD, hereby certify the Investment Report represents the investment portion of the District as of the above date in compliance with the Texas Public Funds Investment Act and Red Oak ISD Investment Policy CDA

 (signature on file)
 William Johnston, Ed.D., CPA
 Assistant Superintendent of Business Services/CFO

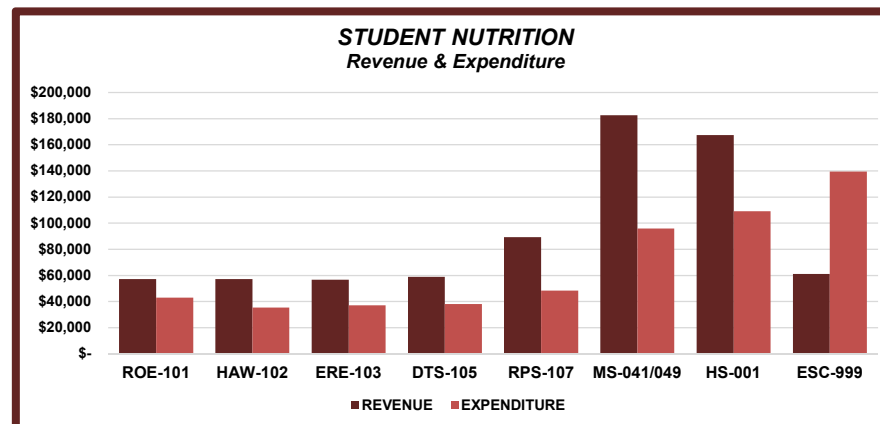
 (signature on file)
 Sandra King, RTSBA
 Finance Coordinator



Red Oak ISD - Student Nutrition
Revenue / Expenditure Detail
 As of September 30, 2022

| | ROE-101 | HAW-102 | ERE-103 | DTS-105 | RPS-107 | MS-041 | HS-001 | ESC-999 | TOTAL |
|---|---------|---------|---------|---------|---------|--------|--------|---------|-------|
| Average Daily Participation (ADP): | | | | | | | | | |
| Breakfast | 213 | 187 | 219 | 272 | 433 | 496 | 233 | 0 | 2,053 |
| Lunch | 494 | 506 | 498 | 503 | 739 | 1779 | 1625 | 0 | 6,144 |
| Afterschool | 39 | 32 | 43 | 55 | 42 | 0 | 0 | 0 | 211 |

| | ROE-101 | HAW-102 | ERE-103 | DTS-105 | RPS-107 | MS-041/049 | HS-001 | ESC-999 | TOTAL | ORIGINAL BUDGET | % EXP TO BUDGET |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------|
| 57xx Local Revenue | \$ 13,961 | \$ 16,220 | \$ 15,410 | \$ 15,905 | \$ 18,636 | \$ 52,352 | \$ 67,119 | \$ 23,287 | \$ 222,892 | \$ 661,700 | 34% |
| 58xx State Matching | | | | | | | | 13,861 | \$ 13,861 | 105,000 | 13% |
| 5921 Federal - Breakfast | 8,503 | 7,569 | 8,765 | 11,089 | 18,115 | 20,585 | 7,489 | | \$ 82,115 | 310,000 | 26% |
| 5922 Federal - Lunch | 34,640 | 33,504 | 32,503 | 31,831 | 52,489 | 109,587 | 92,843 | | \$ 387,396 | 1,530,000 | 25% |
| 5923 USDA Commodities | | | | | | | | | \$ - | 120,000 | 0% |
| 5949 Other Revenue | | | | | | | | 23,864 | \$ 23,864 | | |
| TOTAL REVENUE | \$ 57,104 | \$ 57,294 | \$ 56,679 | \$ 58,825 | \$ 89,240 | \$ 182,525 | \$ 167,450 | \$ 61,013 | \$ 730,128 | \$ 2,726,700 | 27% |
| 61xx Payroll | \$ 23,302 | \$ 14,150 | \$ 15,830 | \$ 17,007 | \$ 20,035 | \$ 44,133 | \$ 63,013 | \$ 82,570 | \$ 280,040 | \$ 1,545,943 | 18% |
| 62xx Contracted Services | 969 | 878 | 811 | 1,764 | 1,888 | 1,618 | 2,384 | (285) | \$ 10,027 | 41,200 | 24% |
| 63xx Supplies | 18,752 | 20,304 | 20,327 | 19,411 | 26,561 | 50,265 | 43,759 | 56,110 | \$ 255,488 | 1,928,492 | 13% |
| 64xx Travel / Miscellaneous | | | | | | | | 1,135 | \$ 1,135 | 11,065 | 10% |
| 66xx Capital Outlay | | | 210 | | | | | | \$ 210 | 200,000 | 0% |
| TOTAL EXPENDITURES | \$ 43,022 | \$ 35,332 | \$ 37,177 | \$ 38,181 | \$ 48,484 | \$ 96,017 | \$ 109,156 | \$ 139,531 | \$ 546,899 | \$ 3,726,700 | 15% |
| Other Sources (Uses) | | | | | | | | | | | |
| Operating Transfers In | | | | | | | | | | | |
| Revenue Over (Under) Expenditures | \$ 14,082 | \$ 21,962 | \$ 19,501 | \$ 20,644 | \$ 40,756 | \$ 86,508 | \$ 58,294 | \$ (78,518) | \$ 183,229 | \$ (1,000,000) | |



*The District reports on the modified accrual basis.

Red Oak ISD - Debt Service Fund
Revenue / Expenditure Detail
As of September 30, 2022

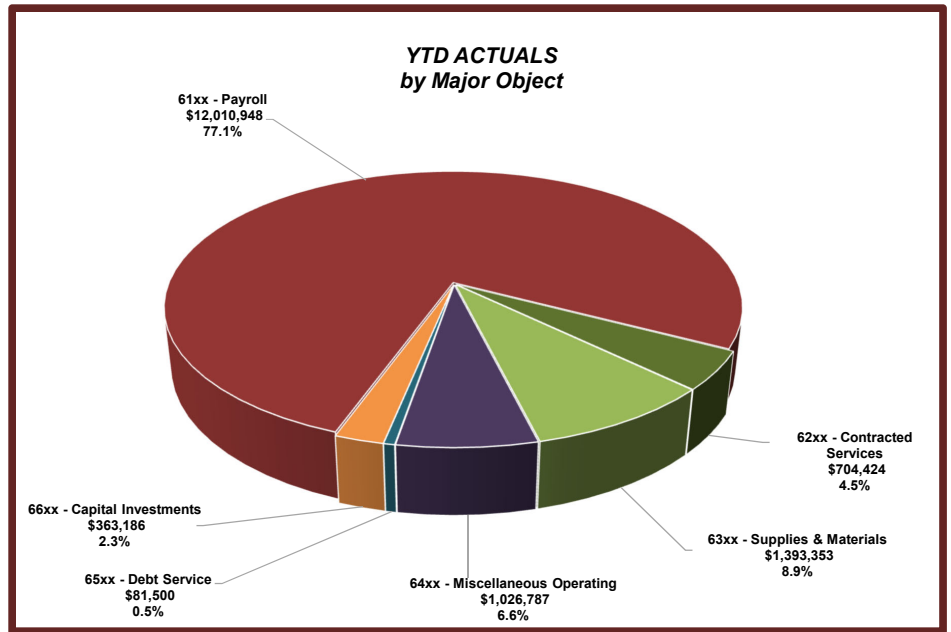
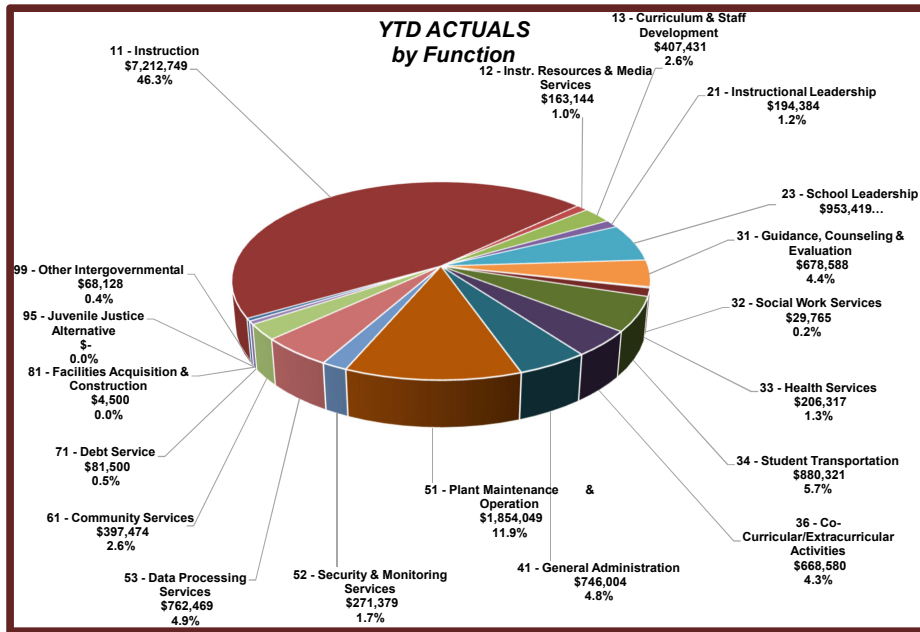
| | Original Budget | YTD Actuals | Outstanding Encumbrances | Balance | % Expended to Budget |
|--|----------------------|-----------------------|-----------------------------|----------------------|----------------------------|
| Revenues | | | | | |
| 57xx Local | \$ 10,691,132 | \$ 66,192 | \$ - | \$ 10,624,940 | 0.62% |
| 58xx State | 25,000 | - | - | 25,000 | 0.00% |
| TOTAL | \$ 10,716,132 | \$ 66,192 | \$ - | \$ 10,649,940 | 0.62% |
| Expenditures | | | | | |
| 71 Debt Service | \$ 10,045,240 | 7,757,106 | \$ - | \$ 2,288,134 | 77.22% |
| TOTAL | \$ 10,045,240 | \$ 7,757,106 | \$ - | \$ 2,288,134 | 77.22% |
| Other Resources/(Uses) | | | | | |
| Issuance of Bonds | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Premium/Discount | - | - | - | - | 0.00% |
| Escrow | - | - | - | - | 0.00% |
| TOTAL | \$ - | \$ - | \$ - | \$ - | 0.00% |
| Revenue Over (Under) Expenditures | \$ 670,892 | \$ (7,690,914) | \$ - | \$ 8,361,806 | |

Red Oak ISD - General Fund
Revenue/Expenditure Detail
As of September 30, 2022

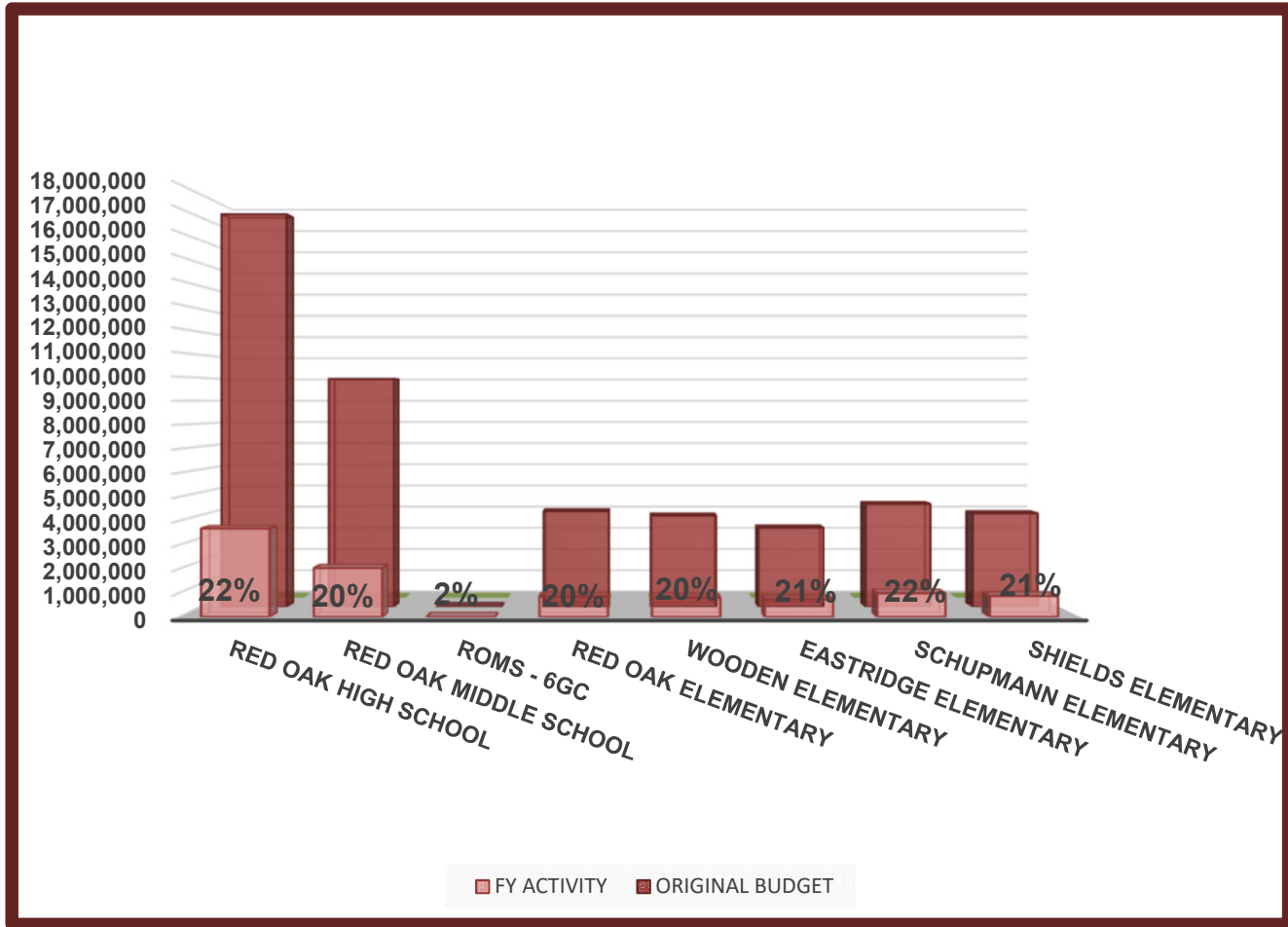
| | Amended Budget | 2022-2023 YTD Actuals | Outstanding Encumbrances | Balance | % Expended to Budget | 2021-2022 YTD Actuals (Unaudited) | YTD Actuals Variance |
|---|----------------------|-----------------------|--------------------------|----------------------|----------------------|-----------------------------------|-----------------------|
| Revenues | | | | | | | |
| 57xx Local | \$ 29,446,686 | \$ 517,180 | \$ - | \$ 28,929,506 | 1.76% | \$ 387,271 | \$ 129,909 |
| 58xx State | 38,218,922 | 7,931,155 | | 30,287,767 | 20.75% | 8,402,534 | (471,379) |
| 59xx Federal | 1,150,000 | 20,531 | | 1,129,469 | 1.79% | - | 20,531 |
| TOTAL | \$ 68,815,608 | \$ 8,468,866 | \$ - | \$ 60,346,742 | 12% | \$ 8,789,805 | \$ (320,938) |
| Expenditures | | | | | | | |
| 11 Instruction | \$ 35,159,270 | \$ 7,212,749 | \$ 631,489 | \$ 27,315,033 | 22.31% | \$ 6,658,603 | \$ 554,145 |
| 12 Instr. Resources & Media Services | 1,031,672 | 163,144 | 32,795 | 835,733 | 18.99% | 169,697 | (6,553) |
| 13 Curriculum & Staff Development | 1,936,350 | 407,431 | 50,199 | 1,478,720 | 23.63% | 401,509 | 5,922 |
| 21 Instructional Leadership | 816,034 | 194,384 | 1,426 | 620,225 | 24.00% | 182,350 | 12,034 |
| 23 School Leadership | 4,034,222 | 953,419 | 10,443 | 3,070,361 | 23.89% | 857,773 | 95,645 |
| 31 Guidance, Counseling & Evaluation | 2,888,265 | 678,588 | 83,036 | 2,126,640 | 26.37% | 560,534 | 118,054 |
| 32 Social Work Services | 175,548 | 29,765 | 27 | 145,756 | 16.97% | 28,696 | 1,069 |
| 33 Health Services | 902,216 | 206,317 | 1,421 | 694,478 | 23.03% | 176,139 | 30,178 |
| 34 Student Transportation | 3,314,580 | 880,321 | 49,883 | 2,384,376 | 28.06% | 447,100 | 433,221 |
| 36 Co-Curricular/Extracurricular Activities | 2,488,881 | 668,580 | 151,425 | 1,668,877 | 32.95% | 608,534 | 60,046 |
| 41 General Administration | 2,967,403 | 746,004 | 118,469 | 2,102,930 | 29.13% | 674,123 | 71,881 |
| 51 Plant Maintenance & Operation | 7,343,382 | 1,854,049 | 1,733,724 | 3,755,609 | 48.86% | 1,906,777 | (52,728) |
| 52 Security & Monitoring Services | 1,387,310 | 271,379 | 64,339 | 1,051,592 | 24.20% | 203,581 | 67,798 |
| 53 Data Processing Services | 1,698,076 | 762,469 | 149,759 | 785,849 | 53.72% | 615,222 | 147,247 |
| 61 Community Services | 1,774,578 | 397,474 | 68,393 | 1,308,711 | 26.25% | 319,011 | 78,463 |
| 71 Debt Service | 450,500 | 81,500 | - | 369,000 | 18.09% | 88,250 | (6,750) |
| 81 Facilities Acquisition & Construction | 52,321 | 4,500 | - | 47,821 | 8.60% | - | 4,500 |
| 95 Juvenile Justice Alternative | 45,000 | - | - | 45,000 | 0.00% | - | - |
| 99 Other Intergovernmental | 350,000 | 68,128 | 273,957 | 7,915 | 97.74% | 56,183 | 11,945 |
| TOTAL | \$ 68,815,608 | \$ 15,580,199 | \$ 3,420,785 | \$ 49,814,625 | 28% | \$ 13,954,081 | \$ 1,626,117 |
| Other Resources/(Uses) | | | | | | | |
| Sale of Property | \$ 0 | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ - |
| | \$ 0 | \$ - | \$ - | \$ 0 | 0% | \$ - | \$ - |
| Revenue Over (Under) Expenditures | \$ 0 | \$ (7,111,333) | \$ (3,420,785) | \$ 10,532,117 | | \$ (5,164,277) | \$ (1,947,056) |

*The District reports on the modified accrual basis.

Red Oak ISD - General Fund
Revenue / Expenditure Detail
As of September 30, 2022



Red Oak ISD - General Fund
Comparison by Campus
As of September 30, 2022



Questions



Bill Johnston

Chief Financial Officer

972-617-4005

bill.johnston@redoakisd.org