



Rockwall

INDEPENDENT SCHOOL DISTRICT

Annual Comprehensive Financial Report FOR THE YEAR ENDED JUNE 30, 2023



RELATIONSHIPS ■ INNOVATION ■ EXCELLENCE



1050 Williams Street
Rockwall, Texas 75087



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Prepared by
Rockwall ISD Finance Department
Rockwall, Texas



Rockwall
INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023
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Rockwall

INDEPENDENT SCHOOL DISTRICT

Certificate of Board

Rockwall Independent School District
Name of School District

Rockwall
County

199-901
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 fiscal year ended June 30, 2023 at a meeting of the Board of Trustees of such school district on the 13th day of November, 2023.

Mary Parker
Signature of Board Secretary

Amy Helton
Signature of Board President

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



Rockwall

INDEPENDENT SCHOOL DISTRICT

Introductory Section



Rockwall

INDEPENDENT SCHOOL DISTRICT



Rockwall

INDEPENDENT SCHOOL DISTRICT

November 7, 2023

Board of School Trustees
Rockwall Independent School District
1050 Williams Street
Rockwall, Texas 75087

Members of the Board of Trustees and Citizens of Rockwall Independent School District:

The Annual Comprehensive Financial Report (ACFR) of the Rockwall Independent School District (District) for the year ended June 30, 2023, is submitted herewith. This report was prepared by the District's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The District discusses in greater detail its financial position in the narrative, introduction, overview and analysis sections of the Management's Discussion and Analysis (MD&A).

The ACFR for the year ended June 30, 2023 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

GOVERNANCE

The governance of the District is overseen by a seven-member board of trustees (Board) that are elected by the citizens. Each member is elected to a three-year term. Terms are staggered, so that not all positions are voted on during the same year. See page xiv for a listing of the present members of the Board along with the administrative officials who are appointed by the Board.

Regular action meetings are scheduled the third Monday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the first Monday of the month and are also held at the District's Administration Building. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

DEPARTMENT OF FINANCE AND OPERATIONS

1050 Williams Street • Rockwall, Texas 75087 • 469-698-7000 • www.rockwallisd.com

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget. Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators, and have primary accountability for fiscal matters, the District is not included in any other governmental "reporting entity" as defined in GASB Statement No. 14 and as amended by GASB Statements No. 39 and No. 61. Also there are no component units for which the District or the Board are financially accountable.

The Board solicits and evaluates community input and support concerning school policies.

MISSION AND BELIEFS

Rockwall ISD empowers learners to embody independence, value relationships and achieve excellence as thriving members of a dynamic global community.

To accomplish its mission, the District provides a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for the handicapped, career education and special programs for those with limited English proficiency. These programs are supplemented by a wide variety of co-curricular offerings, including those in fine arts and athletics. The District's curriculum is well-defined for the purpose of preparing students early for college readiness. The participation rate of RISD students in Advanced Placement programs ranks among the highest in the state and nation. RISD participates in the International Baccalaureate program which provides additional high quality educational program choices for RISD high school students. RISD students' performance on these exams gives them a competitive edge for college admission and college success.

As reflected in the District's mission and belief statements, activities of the District focus on learning opportunities for students. The District is providing educational services to more than 18,000 students in state of the art facilities that include an early childhood center for prekindergarten age students, 16 elementary schools, three middle schools, two high schools, a college and career academy, and two special program centers.

ECONOMIC CONDITIONS AND OUTLOOK

Rockwall Independent School District is a political subdivision of the State of Texas located in Rockwall County. The District, founded in 1841, is located in Rockwall and has experienced rapid growth since the 1970's. The City of Rockwall enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States. The combined effects of increases in population, income, employment and residential growth have ensured continued growth in the District, especially during the past ten years during which enrollment has increased over 25%. Demographers project that the District will continue to grow at an average rate of 2.7 percent per year over the next 10 years. Rockwall ISD experienced a 2% growth rate for the 2022-2023 school year compared to an average 1.4% by other districts in the DFW area. The long-term forecast sees a robust new home market in Rockwall ISD, with 60 actively building subdivisions and 42 future subdivisions.

Voters approved a bond referendum of \$475,845,000 on November 2, 2021. This bond allows for two new 9th grade campuses, a middle school, a replacement elementary school, additional classroom space for 6th graders at existing middle schools that expands capacity and frees up space at elementary schools, basic maintenance, and modern security.

The bond also provides for new buses to maintain a safe and modern fleet and funds to update technology and Wi-Fi connectivity for classrooms. The District has issued \$376,035,000 of the 2021 authorization to date for these ongoing projects. Approximately \$18 million of Series 2015 authorization bond funds are remaining after completion of 2015 authorized projects and it is expected that these funds will be used towards higher actual costs than estimated for 2021 authorized projects.

In addition to the Bond Program Projects, the District has a Facility Improvement Program overseen by the District Facilities Construction Committee through which facility upgrades such as flooring, painting, fencing, athletics and security needs, etc., are recommended to ensure facilities remain up to date. These improvements are funded through the General Operating Fund.

Much of the District's planning effort is focused on the District's Improvement Plan. The plan demonstrates the commitment to increase student achievement for all students. Campus Improvement Plans, which work in concert with the District's plan, address specific needs of students at individual campuses. The District and Campus Improvement Plans include annual goals for improving student achievement and objective evaluation criteria for measuring success. In addition, the District adopted a new Strategic Plan in 2023, which identifies the District's Beliefs, Learner Outcomes and Profiles as well as Five Goals for the next 10 years. Rockwall ISD's Core Values are Relationships, Innovation, and Excellence.

2022-2023 Budget and Tax Rate

The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Operating Fund, Debt Service Fund and Food Service Fund were adopted by the Board of Trustees on June 19, 2023. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions; however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

Due to timing of recent legislative actions (specifically SB 2), maximum compressed rate (MCR) determinations for tax year 2023 were calculated in two steps, incorporating laws effective with the 88th Texas Legislature, Regular (88-R) and Second Called (88-2) sessions. State and local compression apply to districts' Tier One tax rates. State and local compression work in parallel, and districts receive the method which results in the greatest amount of compression (i.e., the lowest tax rate). SB 2 of the 88th Texas Legislature, Second Called Session (contingent on the passage of HJR 2), increases the state mandatory homestead exemption applicable to school districts from \$40,000 to \$100,000 per eligible homestead and creates additional state aid to hold districts harmless for the decrease in local tax revenue. SB 2 (88-2) also directs the TEA to reduce district's MCRs by an additional \$0.107, after determining districts' MCRs and subject to the limit on local compression (90% equity floor). SB 2 (88-2) was signed by the Governor and if enacted, local district MCRs for Tax Year 2023 will range from \$0.6880 to \$0.6192. On August 14, 2023, the District adopted a Maintenance and Operations tax rate of \$0.6692 (a decrease of \$0.1854) and Interest and Sinking rate of \$0.350 (a decrease of \$0.01). The \$0.35 I&S rate will generate enough revenue to cover the District's interest and debt obligations even in light of increase debt outstanding.

For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

OTHER INFORMATION

Internal Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of a control should not exceed the benefits to be derived therefore internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unmodified opinion on the financial statements of Rockwall Independent School District for the fiscal year ended June 30, 2023. The independent auditor's report has been included in this report at the front of the financial section.

Awards

In 1999, the 76th Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77th Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Rockwall Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2001-02 year.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials (ASBO) awarded the Certificate of Excellence in Financial Reporting to Rockwall Independent School District for its Annual Comprehensive Financial Report for the fiscal period ended June 30, 2022.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements. We are submitting the current report for the fiscal year ended June 30, 2023 to GFOA and ASBO to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support and for planning and conducting the financial operations of the District in a responsible and progressive manner.



Dr. John Villarreal
Superintendent



David Carter, CPA
Senior Chief Financial Officer

Rockwall Independent School District

List of Principal Officials

June 30, 2023

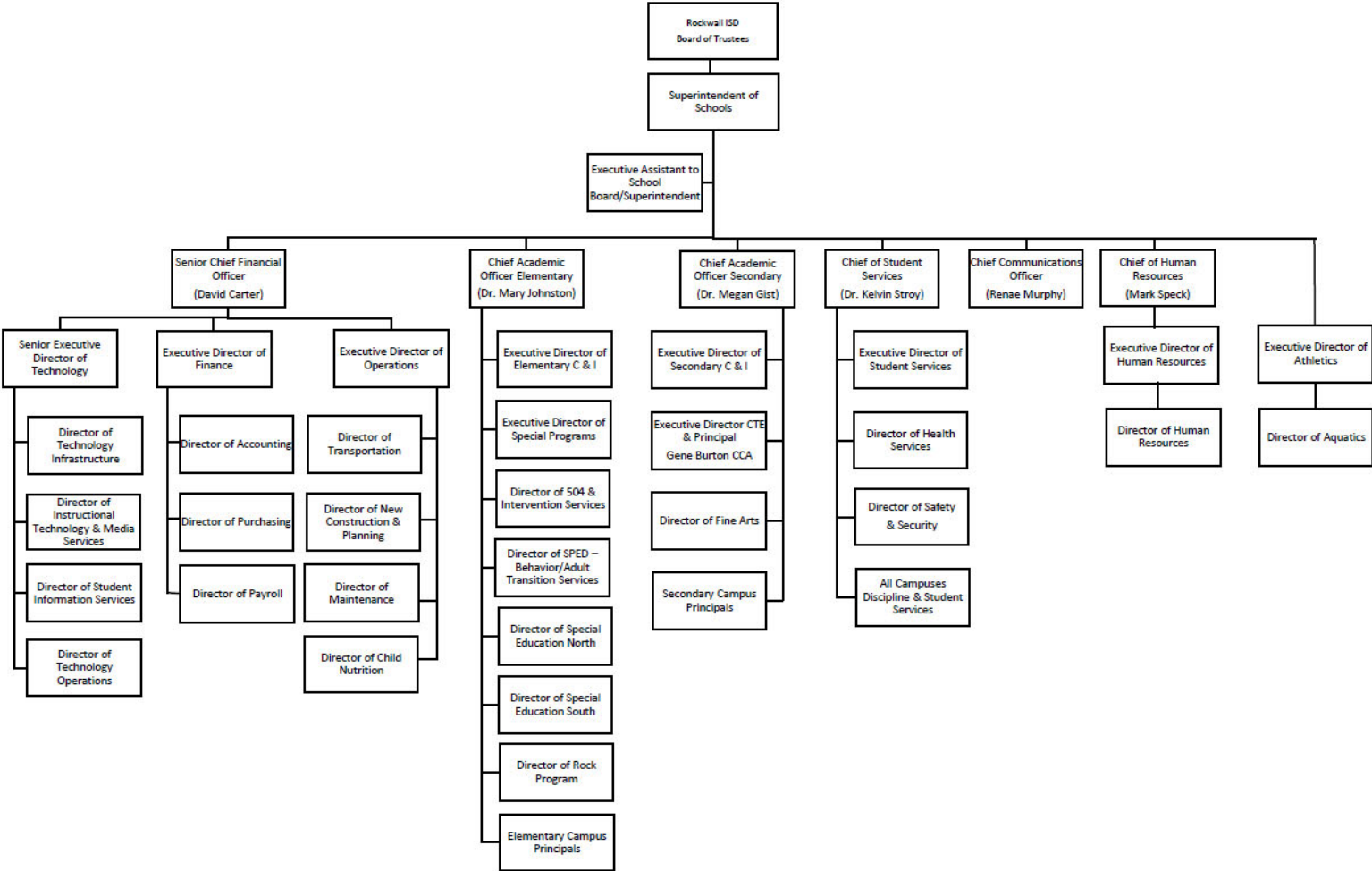
Name	Term Expires	<u>Board of Trustees</u>	
		Years of Service	Occupation
Amy Hilton President	May 2026	11 years	Certified Public Accountant
Frank Conselman Vice President	May 2024	3 Years	Business Owner
Dr. Sherry Packer Secretary	May 2024	3 Years	Retired Educator
Linda Mitchell Duran Trustee	May 2024	11 Years	Consultant/Retired Teacher
Dr. Bart Miller Trustee	May 2026	1 Year	Orthodontist
Jim White Trustee	May 2025	11 Years	Sales Consultant
Stan Britton Trustee	May 2025	2 Years	Realtor

Name	<u>Administrative Officials</u>	
	Position	Length of District Service
Dr. John Villarreal	Superintendent *total school district experience 30 years	7 Years*
David Carter	Senior Chief Financial Officer *total school district experience 15 years	6 Years*
Mark Speck	Chief Human Resources Officer *total school district experience 40 years	12 Years*
Dr. Kelvin Stroy	Chief Student Services Officer *total school district experience 24 years	3 Years*
Dr. Megan Gist	Chief Academic Officer - Secondary *total school district experience 25 years	13 Years*
Renaë Murphy	Chief Communications Officer *total school district experience 26 years	8 Years*
Dr. Mary Johnston	Chief Academic Officer - Elementary *total school district experience 29 years	6 Years*

Rockwall Independent School District

Organizational Chart

June 30, 2023





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rockwall Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Rockwall Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
CAE

President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon,

**Chief Operations Officer/
Interim Executive Director**



Rockwall

INDEPENDENT SCHOOL DISTRICT

Financial Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

The Board of Trustees
Rockwall Independent School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 GAAS. In our opinion, the Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the Introductory Section, Statistical Section and Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2023



Rockwall

INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

Our discussion and analysis of Rockwall Independent School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The general fund reported an ending fund balance of \$81,505,185. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$3,898,510. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures. Revenues were greater than budget due to higher enrollment which resulted in greater state revenue amounts compared to budget as well as greatly increased interest income due to rapidly rising rates set by the federal reserve.
- The District's long-term debt (bonds) is to meet the facility needs associated with student population growth. Because the District's debt management practice is to utilize appropriate bond instruments depending upon the economic circumstances, capital appreciation bonds have been issued. As a result, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at year end by \$110.9 million (net deficit).
- Capital appreciation bonds outstanding necessitated the accreted interest accrual of \$56.3 million in the government-wide financial statements, which reduces the net position of the District.
- General revenues accounted for \$215.0 million (82%) of all fiscal year 2023 revenue. Program-specific revenues in the form of charges for services and operating grants and contributions accounted for \$49.4 million (18%) of total fiscal year revenues.
- The District had approximately \$244.5 million in expenses related to governmental activities, of which approximately \$47.4 million was offset by program-specific charges for services or operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$434.6 million. The general fund represents approximately 14% of this total amount, \$61.3 million, which is available for spending at the government's discretion (unassigned fund balance). Total unassigned fund balances total \$61.3 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, long-term view of the District's property, debt obligations, and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Governmental fund financial statements (starting with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

Proprietary fund financial statements (starting with Exhibit D-1) offer short-term and long-term financial information about the activities the District operates like businesses. The District has two enterprise funds reflected in the proprietary fund financial statements.

Fiduciary fund financial statements (starting with Exhibit E-1) provide financial information about activities for which the District acts solely as a trustee or custodian for the benefit of those outside of the District.

The notes to the financial statements (following Exhibit E-2) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled required supplementary information and other supplementary information contain additional information about the District's budget, pension schedules, and individual funds. This information may be found in Exhibits G-1 through J-4.

The section labeled Overall Compliance and Internal Controls Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds in compliance with the terms of the grants awarded.

Government-Wide Financial 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, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. 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 they have changed. Net position 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 two 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.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 reconciliations that explain the relationship (or differences) between them.

The governmental fund financial statements can be found on pages 22-28 of this report.

Proprietary funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. There is one proprietary fund type: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary funds. The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund and child nutrition fund. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant. The required supplementary information is referenced as Exhibits G-1 through G-6, and the associated notes immediately follow the exhibits in this report.

Required supplementary information can be found on pages 68-79 of this report.

Financial Analysis of the District as a Whole

Net position. The overall deficit in net position decreased between fiscal years 2022 and 2023 – the deficit decreased by \$18.0 million. (See Table A-1).

Table A-1
Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Cash and investments	\$ 473,755,411	\$ 219,749,011	\$ 701,627	\$ 875,502	\$ 474,457,038	\$ 220,624,513
Other assets	10,519,062	15,003,458	420,468	362,922	10,939,530	15,366,380
Capital assets less accumulated depreciation	504,560,075	419,599,674	168,759	168,373	504,728,834	419,768,047
Total assets	988,834,548	654,352,143	1,290,854	1,406,797	990,125,402	655,758,940
Total deferred outflows of resources	52,649,224	41,595,835	-	-	52,649,224	41,595,835
Liabilities:						
Current liabilities	55,164,582	27,294,011	332,100	368,385	55,496,682	27,662,396
Long-term liabilities	1,050,732,576	747,709,262	-	-	1,050,732,576	747,709,262
Total liabilities	1,105,897,158	775,003,273	332,100	368,385	1,106,229,258	775,371,658
Total deferred inflows of resources	47,434,220	50,890,630	-	-	47,434,220	50,890,630
Net position:						
Net investment in capital assets	(104,924,165)	(82,342,240)	168,759	168,373	(104,755,406)	(82,173,867)
Restricted	23,557,793	23,709,286	-	-	23,557,793	23,709,286
Unrestricted	(30,481,234)	(71,312,971)	789,995	870,039	(29,691,239)	(70,442,932)
Total net position	\$ (111,847,606)	\$ (129,945,925)	\$ 958,754	\$ 1,038,412	\$ (110,888,852)	\$ (128,907,513)

Unrestricted net position showed a \$29.7 million deficit at the end of this year. This deficit does not mean that the District does not have significant resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are more than currently available resources.

Changes in net position. The District's total revenues increased 12% to \$264.3 million. (See Table A-2.) A significant portion, 66% of the District's revenue comes from taxes. (See Graph A-1.) 24% comes from state allocations and from operating grants and contributions. The remaining 10% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$246.1 million. The District's expenses cover a range of services.

Governmental Activities

Revenues for the District's governmental activities increased 12%. Revenues increased due to higher state revenue driven by increased enrollment, higher tax collections as a result of increasing property values and investment earnings from rapidly increasing interest rates set by the Federal Reserve.

Table A-2
Changes in the Rockwall Independent School District's Net Position

	Governmental Activities		Business-type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 9,792,072	\$ 6,293,999	\$ 1,916,795	\$ 1,756,740	\$ 11,708,867	\$ 8,050,739
Operating grants and contributions	37,594,688	36,828,297	69,838	62,831	37,664,526	36,891,128
General revenues:						
Property taxes	173,933,840	152,538,822	-	-	173,933,840	152,538,822
State aid - formula	25,721,462	36,344,762	-	-	25,721,462	36,344,762
Investment earnings	14,973,791	671,785	-	-	14,973,791	671,785
Other	334,417	491,011	-	-	334,417	491,011
Total revenues	262,350,270	233,168,676	1,986,633	1,819,571	264,336,903	234,988,247
Expenses:						
Instruction	\$ 117,068,778	\$ 111,136,997	\$ -	\$ -	\$ 117,068,778	\$ 111,136,997
Instructional resources and media services	2,844,612	2,959,946	-	-	2,844,612	2,959,946
Curriculum and staff development	5,588,646	5,731,664	-	-	5,588,646	5,731,664
Instructional leadership	1,668,803	1,434,731	-	-	1,668,803	1,434,731
School leadership	10,045,999	9,496,099	-	-	10,045,999	9,496,099
Guidance, counseling and evaluation services	8,613,314	7,870,756	-	-	8,613,314	7,870,756
Social work services	256,140	344,973	-	-	256,140	344,973
Health services	2,739,898	3,014,194	-	-	2,739,898	3,014,194
Student (pupil) transportation	8,100,673	6,772,142	-	-	8,100,673	6,772,142
Food services	9,700,119	9,995,304	-	-	9,700,119	9,995,304
Cocurricular/extracurricular activities	14,871,378	12,869,998	-	-	14,871,378	12,869,998
General administration	5,807,705	4,983,920	-	-	5,807,705	4,983,920
Plant maintenance and operations	17,445,079	16,378,726	-	-	17,445,079	16,378,726
Security and monitoring services	2,798,060	2,383,399	-	-	2,798,060	2,383,399
Data processing services	3,737,522	3,346,870	-	-	3,737,522	3,346,870
Community services	72,306	52,619	-	-	72,306	52,619
Debt service	31,525,229	20,730,161	-	-	31,525,229	20,730,161
Facilities acquisition and construction	-	-	-	-	-	-
Payments for shared service arrangements	4,680	10,685	-	-	4,680	10,685
Other intergovernmental charges	1,598,026	1,543,542	-	-	1,598,026	1,543,542
Sports marketing	-	-	111,366	128,479	111,366	128,479
ROCK after school program	-	-	1,454,925	1,235,839	1,454,925	1,235,839
Total expenses	244,486,967	221,056,726	1,566,291	1,364,318	246,053,258	222,421,044
Increase (decrease) in net position	\$ 17,863,303	\$ 12,111,950	\$ 420,342	\$ 455,253	\$ 18,283,645	\$ 12,567,203
Transfers	500,000	500,000	(500,000)	(500,000)	-	-
Change in net position	18,363,303	12,611,950	(79,658)	(44,747)	18,283,645	12,567,203
Extraordinary item	(264,984)	(604,615)	-	-	(264,984)	(604,615)
Net position - beginning	(129,945,925)	(141,953,260)	1,038,412	1,083,159	(128,907,513)	(140,870,101)
Net position - ending	\$ (111,847,606)	\$ (129,945,925)	\$ 958,754	\$ 1,038,412	\$ (110,888,852)	\$ (128,907,513)

Business-Type Activities- Business type activities decreased the District's net position by \$79,658. The decrease in net position is due to the added cost of providing free ROCK after school care for all employees who enroll their child in the program.

Sources of Revenues for Fiscal Year 2023

Graph A-1

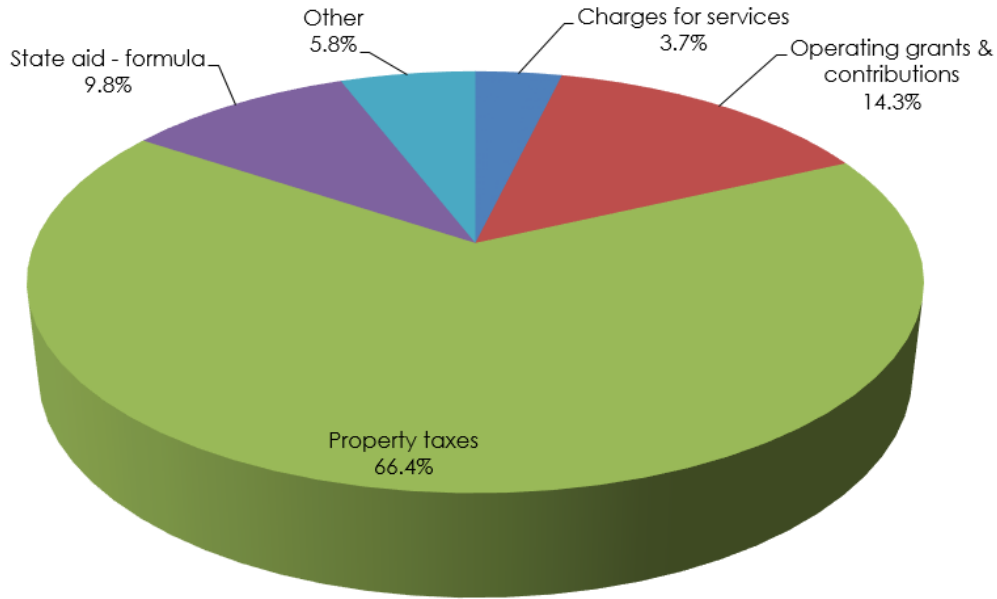


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all activities this year was \$246.1 million. However, the amount that our taxpayers paid for these activities through property taxes was \$173.9 million.

Some of the cost was paid by those who directly benefited from the programs (\$11.7 million).

Table A-3
Rockwall Independent School District
Net Cost of Selected District Functions

	Total Cost of Services			Net Cost of Services		
	Year Ended 2023	Year Ended 2022	% Change	Year Ended 2023	Year Ended 2022	% Change
Instruction	\$ 117,068,778	\$ 111,136,997	5.3%	\$ 96,684,678	\$ 94,556,955	2.3%
School leadership	10,045,999	9,496,099	5.8%	8,860,153	8,614,172	2.9%
Cocurricular/extracurricular	14,871,378	12,869,998	15.6%	13,410,242	10,412,818	28.8%
Plant maintenance and operations	17,445,079	16,378,726	6.5%	15,474,904	14,422,868	7.3%
Debt service	31,525,229	20,730,161	52.1%	29,980,497	20,257,275	48.0%

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. 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 \$434.6 million. Approximately 14% of this total amount or \$61.3 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$28.8 million, 2) restricted for capital projects \$317.2 million, and 3) restricted, committed, or assigned for other purposes, or nonspendable, totaling \$27.2 million.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$61.3 million, while the total fund balance of all governmental funds was \$434.6 million.

The general fund reported an ending fund balance of \$81,505,185. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$3,898,510. The increase in fund balance was the result of conservative spending which caused actual expenditures to be well under budgeted expenditures. Revenues were greater than budget due to higher property tax collections, increased interest revenue due to rapidly rising interest rates, and higher state revenue due to increased enrollment received compared to budget.

The child nutrition fund has a total fund balance of \$4,663,104 which represents an increase of \$661,648. This increase is due to a return to normal school food program operations including reimbursements under the school breakfast and national school lunch programs, a la carte sales, and interest income.

The debt service fund has a total fund balance of \$28,761,020, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$1,966,443. The increase is due to increased property tax collections from rising property values and lower debt service requirements as a result of multiple bond refundings to lower interest rates.

The capital projects fund has a fund balance of \$317,240,220 at year end. The net increase in fund balance of \$215,956,102 is a result of issuance of 2022A and 2023 Bonds offset by capital expenditures for miscellaneous bond projects.

General Fund Budgetary Highlights

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

- Amendments approved throughout the year for additional personnel of \$114,000, increases in school resource officer contracts of \$327,000, extracurricular travel needs \$180,000, facility improvements \$1.8 million, and one-time funding of supplies and special projects of \$2.7 million.
- Revenue amendment of \$1 million for increased interest income on investment balances.

After appropriations were amended as described above, actual revenues for the general fund were \$6.4 million above the final budget amounts as the District saw an increase in property tax collections above budgeted amounts and an increase in state funding caused by a higher than expected increase in enrollment. Actual expenditures were \$2.7 million below final budget amounts, primarily due to personnel vacancies in budgeted payroll positions, conservative spending practices, and timing of facility improvement program project completions.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2023, amounts to \$504.7 million (net of accumulated depreciation). This amount represents a net increase (including additions and deletions) of \$85.0 million or 20.2%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4
Rockwall Independent School District's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 24,853,065	\$ 20,359,012	\$ -	\$ -	\$ 24,853,065	\$ 20,359,012
Construction in progress	91,988,931	3,923,846	-	-	91,988,931	3,923,846
Buildings and improvements	703,881,941	685,875,482	-	-	703,881,941	685,875,482
Furniture and equipment	32,749,781	29,846,978	575,493	548,230	33,325,274	30,395,208
Totals at historical cost	853,473,718	740,005,318	575,493	548,230	854,049,211	740,553,548
Less accumulated depreciation	(348,913,643)	(320,405,644)	(406,734)	(379,857)	(349,320,377)	(320,785,501)
Net capital assets	\$ 504,560,075	\$ 419,599,674	\$ 168,759	\$ 168,373	\$ 504,728,834	\$ 419,768,047

Additional information on the District's capital assets can be found in Note 5.

Long-Term Debt

At year-end the District had \$974.5 million in long term debt – an increase of 42.2% over last year – as shown in Table A-5.

Table A-5
Rockwall Independent School District's Long Term Debt

	2023	2022
Bonds payable	\$ 868,558,584	\$ 587,593,439
Accreted interest	56,297,697	65,564,431
Bond premiums	47,999,651	32,292,453
Arbitrage rebate liability	1,656,285	-
	<u>\$ 974,512,217</u>	<u>\$ 685,450,324</u>

The "AAA" long term rating of the District's Texas bonds reflects the Texas Permanent School guarantee. The District has an underlying bond rating of "Aa2" and "AA" given to it by both Moody's and Standard & Poors, respectively. This rating reflects the District's (1) strong economic situation, (2) strong administrative management, and (3) excellent financial performance.

Additional information on the District's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Tax Rates

Due to timing of recent legislative actions (specifically SB 2), maximum compressed rate (MCR) determinations for tax year 2023 were calculated in two steps, incorporating laws effective with the 88th Texas Legislature, Regular (88-R) and Second Called (88-2) sessions. State and local compression apply to districts' Tier One tax rates. State and local compression work in parallel, and districts receive the method which results in the greatest amount of compression (i.e., the lowest tax rate). SB 2 of the 88th Texas Legislature, Second Called Session (contingent on the passage of HJR 2), increases the state mandatory homestead exemption applicable to school districts from \$40,000 to \$100,000 per eligible homestead and creates additional state aid to hold districts harmless for the decrease in local tax revenue. SB 2 (88-2) also directs the TEA to reduce district's MCRs by an additional \$0.107, after determining districts' MCRs and subject to the limit on local compression (90% equity floor). SB 2 (88-2) was signed by the Governor and if enacted, local district MCRs for Tax Year 2023 will range from \$0.6880 to \$0.6192. On August 14, 2023, the District adopted a Maintenance and Operations tax rate of \$0.6692 (a decrease of \$0.1854) and Interest and Sinking rate of \$0.350 (a decrease of \$0.01). The \$0.35 I&S rate will generate enough revenue to cover the District's interest and debt obligations even in light of increase debt outstanding.

Student enrollment saw an increase for the 2022-2023 school year as Rockwall continues to see robust housing development. With annual increases in student enrollment, the District continues to strategically plan and build for continued student growth. Voters approved a bond referendum of \$475,845,000 on November 2, 2021. This bond allows for two new 9th grade campuses, a middle school, a replacement elementary school, additional classroom space for 6th graders at existing middle schools that expands capacity and frees up space at elementary schools, basic maintenance, and modern security. The bond also provides for new buses to maintain a safe and modern fleet and funds to update technology and wifi connectivity for classrooms. The District has issued \$376,035,000 of the 2021 authorization to date for these ongoing projects. Approximately \$18 million of Series 2015 authorization bond funds are remaining after completion of 2015 authorized projects and it is expected that these funds will be used towards higher actual costs than estimated for 2021 authorized projects.

All proceeds are invested at Lone Star Investment Pool and are available for continuing payments on construction projects in progress.

The Board of Trustees adopted a 2023-2024 general fund budget reflecting revenues and transfers from other funds of \$170,265,484 and expenditures of \$173,808,565. The adopted budget includes funding for an average raise for teachers, nurses, and librarians of \$3,400 based on years' experience and a general pay increase for all other employees of 4% of the mid-point of each respective pay grade. The budget also includes funding for additional staff for enrollment growth.

The District received federal reimbursement from the American Rescue Plan (ARP) funds through ESSER II, ESSER III, and ESSER III Supplemental to safely re-open schools in light of the COVID-19 Pandemic. The District received these federal grants for the hiring of additional teachers, counselors, and special education positions to help close or eliminate learning gaps caused by the pandemic, construction of a Technology Fiber Ring to provide unlimited speed and throughput for the District's network, and for the claiming of indirect costs related to the accounting, budgeting, purchasing, auditing, and payroll processing of grant funds.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

Requests for Information

This financial report is designed to provide 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 David Carter, Senior Chief Financial Officer for the District.

Basic Financial Statements



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Statement of Net Position

June 30, 2023

Exhibit A-1

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
ASSETS				
1110	Cash and cash equivalents	\$ 473,755,411	\$ 701,627	\$ 474,457,038
1220	Property taxes receivables (delinquent)	4,253,251	-	4,253,251
1230	Allowance for uncollectible taxes (credit)	(212,662)	-	(212,662)
1240	Due from other governments	6,273,610	-	6,273,610
1260	Internal balances	(155,575)	155,575	-
1290	Other receivables, net	-	264,893	264,893
1300	Inventories	210,897	-	210,897
1410	Prepaid items	149,541	-	149,541
	Capital assets:			
1510	Land	24,853,065	-	24,853,065
1520	Buildings, net	378,380,692	-	378,380,692
1530	Furniture and equipment, net	9,337,387	168,759	9,506,146
1580	Construction in progress	91,988,931	-	91,988,931
1000	Total assets	988,834,548	1,290,854	990,125,402
DEFERRED OUTFLOWS OF RESOURCES				
1701	Accumulated decrease in fair value of hedging derivative	3,416,223	-	3,416,223
1702	Deferred loss on refunding	14,588,174	-	14,588,174
1705	Deferred outflows of resources - pensions	21,251,836	-	21,251,836
1706	Deferred outflows of resources - OPEB	13,392,991	-	13,392,991
	Total deferred outflows of resources	52,649,224	-	52,649,224
LIABILITIES				
2110	Accounts payable	24,084,623	3,732	24,088,355
2140	Interest payable	10,776,310	-	10,776,310
2150	Payroll deductions and withholdings	1,046,265	13,039	1,059,304
2160	Accrued wages payable	15,877,914	51,203	15,929,117
2180	Due to other governments	2,652,282	-	2,652,282
2300	Unearned revenue	727,188	264,126	991,314
2302	Derivative instrument	3,416,223	-	3,416,223
	Long term liabilities:			
2501	Due within one year	21,810,000	-	21,810,000
2502	Due in more than one year	952,702,217	-	952,702,217
2540	Net pension liability (District's share)	46,399,814	-	46,399,814
2545	Net OPEB liability (District's share)	26,404,322	-	26,404,322
2000	Total liabilities	1,105,897,158	332,100	1,106,229,258
DEFERRED INFLOWS OF RESOURCES				
2600	Deferred gain	521,168	-	521,168
2605	Deferred inflows of resources - pensions	5,174,565	-	5,174,565
2606	Deferred inflows of resources - OPEB	41,738,487	-	41,738,487
	Total deferred inflows of resources	47,434,220	-	47,434,220
NET POSITION (DEFICIT)				
3200	Net investment in capital assets	(104,924,165)	168,759	(104,755,406)
	Restricted for:			
3820	Federal and state programs	13,121	-	13,121
3840	Food service	4,663,104	-	4,663,104
3850	Debt service	18,881,568	-	18,881,568
3900	Unrestricted	(30,481,234)	789,995	(29,691,239)
3000	TOTAL NET POSITION (DEFICIT)	\$ (111,847,606)	\$ 958,754	\$ (110,888,852)

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Data Control Codes		1	Program Revenues	
			3	4
		Expenses	Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT				
	Governmental activities:			
11	Instruction	\$ 117,068,778	\$ 4,078,052	\$ 16,306,048
12	Instructional resources and media services	2,844,612	-	244,988
13	Curriculum and instructional staff development	5,588,646	-	3,118,564
21	Instructional leadership	1,668,803	-	357,704
23	School leadership	10,045,999	-	1,185,846
31	Guidance, counseling, and evaluation services	8,613,314	-	3,700,001
32	Social work services	256,140	-	33,064
33	Health services	2,739,898	-	267,129
34	Student (pupil) transportation	8,100,673	-	547,076
35	Food services	9,700,119	4,336,507	4,901,423
36	Cocurricular/Extracurricular activities	14,871,378	870,796	590,340
41	General administration	5,807,705	-	585,842
51	Plant maintenance and operations	17,445,079	506,717	1,463,458
52	Security and monitoring services	2,798,060	-	651,021
53	Data processing services	3,737,522	-	1,936,092
61	Community services	72,306	-	40,054
72	Debt service - interest on long-term debt	28,541,920	-	1,544,732
73	Debt service - amortization and fees	2,983,309	-	-
93	Payments to member districts of SSA	4,680	-	-
99	Other intergovernmental charges	1,598,026	-	121,306
	Total governmental activities	244,486,967	9,792,072	37,594,688
	Business-type activities:			
01	Sports marketing	111,366	217,469	-
02	ROCK after school program	1,454,925	1,699,326	69,838
	Total business-type activities	1,566,291	1,916,795	69,838
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 246,053,258</u>	<u>\$ 11,708,867</u>	<u>\$ 37,664,526</u>
	General revenues and transfers:			
	Taxes:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
IE	Investment earnings			
MI	Miscellaneous			
FR	Transfers			
TR	Total general revenues and transfers			
EI	Extraordinary item			
CN	Change in net position			
NB	Net position (deficit)- beginning			
NE	NET POSITION (DEFICIT)- ENDING			

The Notes to Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>6</u>	<u>7</u>	<u>8</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (96,684,678)	\$ -	\$ (96,684,678)
(2,599,624)	-	(2,599,624)
(2,470,082)	-	(2,470,082)
(1,311,099)	-	(1,311,099)
(8,860,153)	-	(8,860,153)
(4,913,313)	-	(4,913,313)
(223,076)	-	(223,076)
(2,472,769)	-	(2,472,769)
(7,553,597)	-	(7,553,597)
(462,189)	-	(462,189)
(13,410,242)	-	(13,410,242)
(5,221,863)	-	(5,221,863)
(15,474,904)	-	(15,474,904)
(2,147,039)	-	(2,147,039)
(1,801,430)	-	(1,801,430)
(32,252)	-	(32,252)
(26,997,188)	-	(26,997,188)
(2,983,309)	-	(2,983,309)
(4,680)	-	(4,680)
(1,476,720)	-	(1,476,720)
(197,100,207)	-	(197,100,207)
-	106,103	106,103
-	314,239	314,239
-	420,342	420,342
(197,100,207)	420,342	(196,679,865)
122,393,065	-	122,393,065
51,540,775	-	51,540,775
25,721,462	-	25,721,462
14,973,791	-	14,973,791
334,417	-	334,417
500,000	(500,000)	-
215,463,510	(500,000)	214,963,510
(264,984)	-	(264,984)
18,098,319	(79,658)	18,018,661
(129,945,925)	1,038,412	(128,907,513)
\$ (111,847,606)	\$ 958,754	\$ (110,888,852)

Rockwall Independent School District

Balance Sheet
 Governmental Funds
 June 30, 2023

Data Control Codes		10 General Fund	24 Child Nutrition Fund
ASSETS			
1110	Cash and cash equivalents	\$ 101,741,759	\$ 5,574,598
1220	Property taxes delinquent	3,041,177	-
1230	Allowance for uncollectable taxes (credit)	(152,058)	-
1240	Due from other governments	5,803,888	17,378
1260	Due from other funds	417,457	20,498
1300	Inventories	63,432	144,284
1410	Prepaid items	149,541	-
1000	Total assets	<u>\$ 111,065,196</u>	<u>\$ 5,756,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
2110	Accounts payable	\$ 677,229	\$ 279,215
2150	Payroll deductions and withholdings	785,506	76,249
2160	Accrued wages payable	14,577,962	308,491
2170	Due to other funds	6,425,434	1,146
2180	Due to other governments	2,652,282	-
2300	Unearned revenue	27,600	428,553
2000	Total liabilities	<u>25,146,013</u>	<u>1,093,654</u>
Deferred inflows of resources			
2600	Unavailable revenue	4,413,998	-
	Total deferred inflows of resources	<u>4,413,998</u>	<u>-</u>
Fund balances:			
Nonspendable			
3410	Inventories	63,432	-
3430	Prepaid items	149,541	-
Restricted			
3480	Debt service	-	-
3470	Capital projects	-	-
3450	Grant funds	-	4,663,104
Committed			
3545	Local special revenue	-	-
Assigned			
	Reserve for facility improvement program	2,000,000	-
	Assigned for operating cash deficits	18,000,000	-
3600	Unassigned	61,292,212	-
3000	Total fund balances	<u>81,505,185</u>	<u>4,663,104</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 111,065,196</u>	<u>\$ 5,756,758</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 26,748,360	\$ 339,689,695	\$ 999	\$ 473,755,411
1,212,074	-	-	4,253,251
(60,604)	-	-	(212,662)
175,259	-	277,085	6,273,610
1,582,789	669,032	4,189,009	6,878,785
-	-	3,181	210,897
-	-	-	149,541
<u>\$ 29,657,878</u>	<u>\$ 340,358,727</u>	<u>\$ 4,470,274</u>	<u>\$ 491,308,833</u>
\$ -	\$ 23,098,113	\$ 30,066	\$ 24,084,623
-	2,018	182,492	1,046,265
-	12,840	978,621	15,877,914
-	5,536	602,244	7,034,360
-	-	-	2,652,282
-	-	271,035	727,188
<u>-</u>	<u>23,118,507</u>	<u>2,064,458</u>	<u>51,422,632</u>
896,858	-	-	5,310,856
<u>896,858</u>	<u>-</u>	<u>-</u>	<u>5,310,856</u>
-	-	3,181	66,613
-	-	-	149,541
28,761,020	-	-	28,761,020
-	317,240,220	-	317,240,220
-	-	13,121	4,676,225
-	-	2,389,514	2,389,514
-	-	-	2,000,000
-	-	-	18,000,000
-	-	-	61,292,212
<u>28,761,020</u>	<u>317,240,220</u>	<u>2,405,816</u>	<u>434,575,345</u>
<u>\$ 29,657,878</u>	<u>\$ 340,358,727</u>	<u>\$ 4,470,274</u>	<u>\$ 491,308,833</u>



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District**Exhibit C-1R**

Reconciliation of the Balance Sheet - Governmental Funds
to the Government-Wide Statement of Net Position
June 30, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 434,575,345
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	853,473,718
2 Accumulated depreciation has not been included in the governmental fund financial statements.	(348,913,643)
3 Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(870,214,869)
4 Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements as a liability.	(56,297,697)
5 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.	(10,776,310)
6 Revenue reported as a deferred inflow of resources in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	5,310,856
7 Premiums and discounts on the issuance of current interest bonds are reflected in the statement of net position in the government-wide financial statements, net of amortization.	(47,999,651)
8 Gains from partial refundings of hedges is reported as other resources in the governmental fund financial statements, however, they are recorded as a liability in the government-wide financial statements, net of amortization.	(521,168)
9 The loss on refunding amount is reflected in the statement of net position in the government-wide financial statements, net of amortization.	14,588,174
10 Included in the items related to debt is the recognition of the District's proportionate share of the TRS net pension liability (\$46,399,814) and a deferred inflow of resources (\$5,174,565), and a deferred outflow of resources (\$21,251,836). The result is a decrease in net position.	(30,322,543)
11 Included in the items related to debt is the recognition of the District's proportionate share of the TRS-Care net OPEB liability (\$26,404,322) and a deferred inflow of resources (\$41,738,487), and a deferred outflow of resources (\$13,392,991). The result is a decrease in net position.	(54,749,818)
19 NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (111,847,606)</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

Data Control Codes		General Fund	Child Nutrition Fund
REVENUES			
5700	Total local and intermediate sources	\$ 127,809,613	\$ 4,526,361
5800	State program revenues	34,301,180	150,266
5900	Federal program revenues	2,584,151	4,498,559
5020	Total revenues	<u>164,694,944</u>	<u>9,175,186</u>
EXPENDITURES			
Current:			
0011	Instruction	95,332,653	-
0012	Instructional resources and media services	1,843,150	-
0013	Curriculum and staff development	2,924,506	-
0021	Instructional leadership	1,475,291	-
0023	School leadership	9,320,237	-
0031	Guidance, counseling, and evaluation services	5,331,024	-
0032	Social work services	251,005	-
0033	Health services	2,054,807	-
0034	Student (pupil) transportation	7,052,514	-
0035	Food services	-	8,268,858
0036	Cocurricular/extracurricular activities	4,910,954	-
0041	General administration	5,409,691	-
0051	Plant maintenance and operations	18,079,224	-
0052	Security and monitoring services	2,484,883	-
0053	Data processing services	3,071,603	-
0061	Community services	59,694	-
Debt service:			
0071	Debt service - Principal on long-term debt	-	-
0072	Debt service - Interest on long-term debt	-	-
0073	Debt service - Bond issuance costs and fees	-	-
Capital outlay:			
0081	Facilities acquisition and construction	72,188	-
Intergovernmental:			
0093	Payments to member districts of SSA	-	4,680
0099	Other intergovernmental charges	1,598,026	-
6030	Total expenditures	<u>161,271,450</u>	<u>8,273,538</u>
1100	Excess (deficiency) of revenues over (under) expenditures	3,423,494	901,648
OTHER FINANCING SOURCES (USES) :			
7901	Issuance of refunding bonds	-	-
7911	Issuance of bonds	-	-
7916	Premium on issuance of bonds	-	-
7915	Transfers in	740,000	-
8911	Transfers out	-	(240,000)
8940	Payments to refunded bond escrow agent	-	-
7080	Total other financing sources (uses)	740,000	(240,000)
7919	Extraordinary items - winter storm damage	(264,984)	-
1200	Net change in fund balances	3,898,510	661,648
0100	Fund balances - July 1 (beginning)	<u>77,606,675</u>	<u>4,001,456</u>
3000	FUND BALANCES - JUNE 30 (ENDING)	<u>\$ 81,505,185</u>	<u>\$ 4,663,104</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 53,020,289	\$ 9,481,415	\$ 3,637,178	\$ 198,474,856
1,544,184	23,945	1,133,072	37,152,647
-	-	10,997,578	18,080,288
<u>54,564,473</u>	<u>9,505,360</u>	<u>15,767,828</u>	<u>253,707,791</u>
-	1,544	4,255,502	99,589,699
-	-	-	1,843,150
-	-	2,602,373	5,526,879
-	-	126,631	1,601,922
-	-	29,969	9,350,206
-	-	2,972,761	8,303,785
-	-	-	251,005
-	-	13,115	2,067,922
-	2,198,676	4,240	9,255,430
-	-	1,717	8,270,575
-	1,575,224	3,266,712	9,752,890
-	315,481	-	5,725,172
-	-	-	18,079,224
-	-	455,390	2,940,273
-	6,697,652	1,641,362	11,410,617
-	-	14,549	74,243
16,993,569	-	-	16,993,569
35,408,876	-	-	35,408,876
439,959	2,543,350	-	2,983,309
-	97,773,297	-	97,845,485
-	-	-	4,680
-	-	-	1,598,026
<u>52,842,404</u>	<u>111,105,224</u>	<u>15,384,321</u>	<u>348,876,937</u>
1,722,069	(101,599,864)	383,507	(95,169,146)
13,090,000	-	-	13,090,000
-	301,035,000	-	301,035,000
1,418,149	16,520,966	-	17,939,115
-	-	-	740,000
-	-	-	(240,000)
(14,263,775)	-	-	(14,263,775)
244,374	317,555,966	-	318,300,340
-	-	-	(264,984)
1,966,443	215,956,102	383,507	222,866,210
26,794,577	101,284,118	2,022,309	211,709,135
<u>\$ 28,761,020</u>	<u>\$ 317,240,220</u>	<u>\$ 2,405,816</u>	<u>\$ 434,575,345</u>

Rockwall Independent School District

Exhibit C-2R

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Government-Wide Statement of Activities For the Fiscal Year Ended June 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 222,866,210
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2023 capital outlays is to increase net position.	113,468,400
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(28,507,999)
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	16,993,569
Net decrease in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as a decrease in accreted interest on the government-wide financial statements.	9,266,734
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. This amount represents the current year increase in interest payable.	(2,852,298)
Proceeds from debt issued through bond proceeds are reflected as other financing sources on the governmental fund financial statements, but are shown as a long term liability in the government-wide financial statements.	(314,125,000)
Current year payment to escrow agent for refunded debt is an other financing use but are shown as a reduction in long-term debt in the government-wide financial statements.	14,263,775
Premiums are recognized in the fund financial statements as other financing sources, but they are shown as long term liabilities in the government-wide financial statements.	(17,939,115)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,637,521
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$11,154,827); a decrease in deferred inflows (\$16,018,024); and an increase in net pension liability (\$28,920,657).	(1,747,806)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of an increase in deferred outflows (\$3,771,612); an increase in deferred inflows (\$12,607,678); and a decrease in net OPEB liability (\$13,157,874).	4,321,808
Arbitrage liability is not recorded on the fund level financial statements as it represents a future liability, and thus is recorded as an increase in long-term debt in the government-wide financial statements.	(1,656,285)
Amortization of the deferred loss on refunding is not recognized on the governmental fund financial statements.	(1,334,294)
Amortization of the gain on swap agreement is not recognized on the governmental fund financial statements.	46,064
Amortization of the premium on issuance of current interest bonds is not recognized on the governmental fund financial statements.	3,397,035
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,098,319</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District

Statement of Net Position

Proprietary Funds

June 30, 2023

Exhibit D-1

<u>Data Control Codes</u>	ASSETS	Business-Type Activities Total Nonmajor Enterprise Funds
	Current assets:	
1110	Cash and cash equivalents	\$ 701,627
1260	Due from other funds	179,364
1290	Other receivables, net	264,893
	Total current assets	1,145,884
	Noncurrent assets:	
1530	Furniture and equipment, net	168,759
	Total noncurrent assets	168,759
1000	Total assets	\$ 1,314,643
	LIABILITIES AND NET POSITION	
	Current liabilities:	
2110	Accounts payable	\$ 3,732
2150	Payroll deductions and withholdings	13,039
2160	Accrued wages payable	51,203
2170	Due to other funds	23,789
2300	Unearned revenue	264,126
	Total current liabilities	355,889
2000	Total liabilities	355,889
	Net position:	
3200	Investment in capital assets	168,759
3620	Unrestricted	789,995
3000	Total net position	958,754
4000	TOTAL LIABILITIES AND NET POSITION	\$ 1,314,643

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Fiscal Year Ended June 30, 2023

Exhibit D-2

<u>Data Control Codes</u>		<u>Business-Type Activities Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES		
5700	Total local and intermediate sources	\$ 1,916,795
5800	State program revenues	69,838
5020	Total operating revenues	<u>1,986,633</u>
OPERATING EXPENSES		
6100	Payroll costs	1,233,827
6200	Professional and contracted services	76,943
6300	Supplies and materials	88,053
6400	Depreciation	26,877
6400	Other operating costs	<u>140,591</u>
6030	Total operating expenses	<u>1,566,291</u>
	Income before transfers	420,342
8911	Transfers out	<u>(500,000)</u>
1300	Change in net position	(79,658)
0100	Total net position, beginning (July 1)	<u>1,038,412</u>
3300	Total net position, ending (June 30)	<u>\$ 958,754</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

Exhibit D-3

	Business-Type Activities
	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from user charges	\$ 1,917,028
Payments to employees	(1,172,150)
Payments to suppliers	(68,053)
Other payments	(323,437)
	<hr/>
Net cash provided by operating activities	353,388
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(27,263)
	<hr/>
Net cash used in capital and related financing activities	(27,263)
	<hr/>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers out	(500,000)
	<hr/>
Net cash used in non-capital financing activities	(500,000)
	<hr/>
Net decrease in cash and cash equivalents	(173,875)
Cash and cash equivalents, beginning of year	875,502
	<hr/>
Cash and cash equivalents, end of year	\$ 701,627
	<hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income:	\$ 420,342
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	26,877
Changes in current assets and liabilities:	
Other receivables	98,195
Interfund receivable	(179,364)
Accounts payable	878
Interfund payable	23,623
Accrued liabilities	61,677
Unearned revenue	(98,840)
	<hr/>
Net cash provided by operating activities	\$ 353,388
	<hr/>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
 Statement of Fiduciary Net Position
 Custodial Funds
 June 30, 2023

Exhibit E-1

	<u>Student Activity</u>
ASSETS	
Cash and cash equivalents	\$ 419,932
TOTAL ASSETS	<u>\$ 419,932</u>
LIABILITIES	
Accounts payable	\$ 11,119
TOTAL LIABILITIES	<u>11,119</u>
NET POSITION	
Restricted for other purposes	\$ 408,813
TOTAL NET POSITION	<u>\$ 408,813</u>

The Notes to Basic Financial Statements are an integral part of this statement.

Rockwall Independent School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2023

Exhibit E-2

	<u>Student Activity</u>
ADDITIONS	
Miscellaneous revenue from student groups	<u>\$ 700,641</u>
TOTAL ADDITIONS	<u>700,641</u>
DEDUCTIONS	
Dues and fees	<u>669,349</u>
TOTAL DEDUCTIONS	<u>669,349</u>
Change in net position	31,292
NET POSITION	
Restricted for students and other organizations	
Net position, beginning	377,521
Net position, ending	<u><u>\$ 408,813</u></u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Board, a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities*, which are reported separately, 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 function are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

Rockwall Independent School District

Notes to the Basic Financial Statements

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The proprietary and custodial funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

D. Fund Accounting

The District reports the following major governmental funds:

- 1. The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- 2. Child Nutrition Fund** – This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.

Rockwall Independent School District

Notes to the Basic Financial Statements

- 3. Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- 4. Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

Governmental Funds:

- 1. Special Revenue Funds** – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- 1. Enterprise Funds** – The two funds account for the operation of a self-supporting activity which provides services to outside parties in return for fees. The funds account for assets, liabilities, revenues and expenses of the sports marketing effort of the District and the ROCK after school program.

Fiduciary Funds:

- 1. Custodial Fund** – The District accounts for resources held for others in a custodial capacity in a custodial fund. The District's custodial fund is the student activity fund. The fund is used to account for assets held by the District as a custodian for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting more detail of additions to and deductions from custodial funds than was reported for agency funds.

E. Financial Statement Amounts

Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and cash equivalents. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories and Prepaid Items

Inventories of materials, supplies and food commodities are reported on the balance sheet at weighted average cost. Inventory items are recorded as expenditures when consumed. Supplies are used for almost all functions of activities, while food commodities are used only in the food service functional activity.

Rockwall Independent School District

Notes to the Basic Financial Statements

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2023. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas legislature.

The tax rates assessed for the fiscal year ended June 30, 2023 to finance general fund operations and the payment of principal and interest on general obligation debt were \$0.8546 and \$0.3600 per \$100 valuation, respectively, for a total of \$1.2146 per \$100 valuation.

Capital Assets

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15-50
Vehicles	5-10
Other equipment	3-15

Rockwall Independent School District

Notes to the Basic Financial Statements

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

Fund Balances and Net Position

1. Government-Wide Financial Statements

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Unrestricted -- the difference between the assets and liabilities that is not reported in net position net investment in capital assets, net position restricted for federal and state grants, net position restricted for food service or net position restricted for debt service.

2. Governmental Fund Financial Statements

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54) are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. In accordance with GASB 54, the District classifies governmental fund balances as follows:

Rockwall Independent School District

Notes to the Basic Financial Statements

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

3. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of government-wide statement of net position.

4. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Rockwall Independent School District

Notes to the Basic Financial Statements

5. Account Code Reporting

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

6. Estimates

The preparation of financial statements in conformity with U.S. 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.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2023 will change.

7. Pensions

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

8. Other Post-Employment Benefits

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

Note 2. Cash, Cash Equivalents and Investments

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law.

Rockwall Independent School District

Notes to the Basic Financial Statements

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) 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 and the District's investment policy authorized the District to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	10 years	None	None
U.S. agencies securities	10 years	None	None
Certificates of deposits	n/a	None	None
Fully collateralized repurchase agreements	90 days	None	None
Securities lending program	1 year	None	None
Banker's acceptance	270 days	None	None
Commercial paper	270 days	None	None
No-load money market mutual funds	90 days	None	None
No-load mutual funds	2 years	None	None
Guaranteed investment contracts	5 years	None	None
Public funds investment pools	n/a	None	None

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.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Rockwall Independent School District

Notes to the Basic Financial Statements

District's investments are in investment pools and are not subject to fair value measurement as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

Investment Type	June 30, 2023	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Investments measured at Amortized cost:						
Investment pools:						
TexPool	\$ 9,797,925	\$ -	\$ -	\$ -	2%	22 days
Investments measured at Net asset value:						
Investment pools:						
Texas CLASS	11,743,150	-	-	-	3%	80 days
Lone Star Corporate Overnight Plus Fund	450,092,601	-	-	-	96%	80 days
Investment derivative instrument						
Interest rate swap	(3,416,223)	-	(3,416,223)	-		
Total value	\$ 468,217,453	\$ -	\$ (3,416,223)	\$ -		

The investment in derivative instrument is classified as level 2 of the fair value hierarchy and is valued using the zero coupon method. This method calculates the future net settlement payments, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. For more information on this interest rate swap agreement, see Note 7.B.

Investment Pools are measured at amortized cost or net asset value and are exempt for fair value reporting.

The Lone Star Investment Pool is an investment pool available to governmental entities. 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 Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors- Investment Managers, CAPTRUST Financial Advisors - Investment Consultant, State Street Bank- Custodian, and First Public- Administration. In combination with these third party organizations, the pool has received an AAA rating from Standard & Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

Rockwall Independent School District

Notes to the Basic Financial Statements

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAA by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

The following table categorizes the District's investments at June 30, 2023:

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Lone Star Corporate Overnight Plus Fund	\$ 450,092,601	AAA/AAAm	AAA
Texas CLASS	11,743,150	AAA/AAAm	AAAm
TexPool	9,797,925	AAA/AAAm	AAAm
Total cash equivalents	\$ 471,633,676		

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,236,520 and the bank balance was \$3,859,048. The District's cash deposits as of and during the year ended June 30, 2023 were covered by the FDIC and pledged securities.

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

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$13,083,378.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,042,777 and occurred on December 15, 2022.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Rockwall Independent School District

Notes to the Basic Financial Statements

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 474,457,038
Fiduciary funds:	
Cash and cash equivalents	<u>419,932</u>
Total cash and cash equivalents	<u>\$ 474,876,970</u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 16,175
Deposits with financial institutions	3,227,119
Cash equivalents	<u>471,633,676</u>
Total cash and investments	<u>\$ 474,876,970</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on the previous page presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District's name.

B. Concentration of Credit Risk

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

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2023 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

D. Foreign Currency Risk

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

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 3. 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. The District also receives federal grants from the Region X Service Center. 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, 2023 are summarized below. All federal grants shown below are passed through the Agency and are reported on the balance sheet as due from other governments. Furthermore, there are times whenever overpayment is received from a state agency and money may be due to other governments.

Purpose	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Funds	Total
State entitlement	\$ 3,232,866	\$ -	\$ -	\$ -	\$ 3,232,866
Federal grants	2,034,355	17,378	-	263,447	2,315,180
State grants	-	-	-	13,638	13,638
Other	536,667	-	175,259	-	711,926
	<u>\$ 5,803,888</u>	<u>\$ 17,378</u>	<u>\$ 175,259</u>	<u>\$ 277,085</u>	<u>\$ 6,273,610</u>

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

Payable Fund	Receivable Fund	Amount	Primary Purpose
General Fund	Non Major Governmental Funds	\$ 3,973,751	To cover cash shortage
General Fund	Child Nutrition Fund	20,498	To cover cash shortage
General Fund	Debt Service Fund	1,582,789	To cover cash shortage
General Fund	Capital Projects Fund	669,032	To cover cash shortage
General Fund	Enterprise Fund	179,364	To cover cash shortage
Enterprise Fund	General Fund	20,857	To cover cash shortage
Capital Projects Fund	General Fund	5,536	To cover cash shortage
Child Nutrition Fund	General Fund	1,146	To cover cash shortage
Non Major Governmental Funds	General Fund	389,918	To cover cash shortage
Non Major Governmental Funds	Non Major Governmental Funds	212,326	To cover cash shortage
Enterprise Fund	Non Major Governmental Funds	2,932	To cover cash shortage
		<u>\$ 7,058,149</u>	

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

The detail transfer schedule for the fiscal year ended June 30, 2023 includes the following:

Transfer In:	Transfer Out:	Amount	Purpose
General Fund	Child Nutrition Fund	\$ 240,000	BOT Approved TRF
General Fund	Enterprise Funds	500,000	BOT Approved TRF
		<u>\$ 740,000</u>	

Rockwall Independent School District
Notes to the Basic Financial Statements

Note 5. Capital Asset Activity

Capital asset activity for the District for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 20,359,012	\$ 4,494,053	\$ -	\$ -	\$ 24,853,065
Construction in progress	3,923,846	94,430,934	-	(6,365,849)	91,988,931
Total capital assets not being depreciated	24,282,858	98,924,987	-	(6,365,849)	116,841,996
Capital assets being depreciated:					
Buildings and improvements	685,875,482	11,640,610	-	6,365,849	703,881,941
Furniture and equipment	29,846,978	2,902,803	-	-	32,749,781
Total capital assets being depreciated	715,722,460	14,543,413	-	6,365,849	736,631,722
Less accumulated depreciation for:					
Buildings and improvements	(298,991,212)	(26,510,037)	-	-	(325,501,249)
Furniture and equipment	(21,414,432)	(1,997,962)	-	-	(23,412,394)
Total accumulated depreciation	(320,405,644)	(28,507,999)	-	-	(348,913,643)
Total capital assets being depreciated, net	395,316,816	(13,964,586)	-	6,365,849	387,718,079
Governmental activities capital assets, net	\$ 419,599,674	\$ 84,960,401	\$ -	\$ -	\$ 504,560,075
Business-type activities:					
Capital assets being depreciated:					
Furniture and equipment	\$ 548,230	\$ 27,263	\$ -	\$ -	\$ 575,493
Total capital assets being depreciated	548,230	27,263	-	-	575,493
Less accumulated depreciation for:					
Furniture and equipment	(379,857)	(26,877)	-	-	(406,734)
Total accumulated depreciation	(379,857)	(26,877)	-	-	(406,734)
Total capital assets being depreciated, net	168,373	386	-	-	168,759
Business-type activities capital assets, net	\$ 168,373	\$ 386	\$ -	\$ -	\$ 168,759

Rockwall Independent School District

Notes to the Basic Financial Statements

Depreciation expense was charged to governmental functions as follows:

Function	Depreciation
Instruction	\$ 15,279,503
Instructional resources and media services	952,903
School leadership	378,094
Guidance, counseling and evaluation services	105,955
Health services	601,645
Pupil transportation	822,078
Food services	1,977,216
Co-curricular/ Extracurricular activities	6,747,757
General administration	73,041
Plant maintenance and operations	679,325
Security and monitoring services	253,678
Data processing services	632,010
Total governmental activities depreciation expense	\$ 28,507,999
Sports marketing	\$ 26,877
Total business-type activities depreciation expense	\$ 26,877

A. Construction Commitments

The District had several active construction projects as of June 30, 2023. Projects included land purchase, new school construction, additions to buildings and renovation or upgrades of existing facilities. Expenses through June 30, 2023 and estimated future expenditures for capital projects are funded from operating and capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the projects in process at year end:

Project	Estimated Total Cost	Project Expenditures	
		Incurred through 6/30/23	Estimated Future Expenditures
2021 Bond Authorization projects	\$ 475,845,000	\$ 100,764,940	\$ 405,573,522
2015 Bond Authorization projects	256,816,107	247,388,963	19,339,006
2007 Bond Authorization projects	26,200,000	32,747,771	1,280,061
Facility Improvement Program - 22-23 Projects	2,315,530	1,438,173	877,357

The 2015 and 2007 Bond Authorization projects include additional board approved projects utilizing bond savings. The Facility Improvement Program 22-23 Projects includes winter storm repair expenditures that were offset by insurance proceeds.

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 6. Unearned and Unavailable Revenue

Unearned and unavailable revenue reported in the governmental funds at year end consisted of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Net tax unavailable revenue	\$ 2,379,643	\$ -	\$ 896,858	\$ -	\$ 3,276,501
SHARS unavailable revenue	2,034,355	-	-	-	2,034,355
Total deferred inflows	\$ 4,413,998	\$ -	\$ 896,858	\$ -	\$ 5,310,856
Other unearned revenues	\$ 27,600	\$ 428,553	\$ -	\$ 271,035	\$ 727,188
Total unearned revenues	\$ 27,600	\$ 428,553	\$ -	\$ 271,035	\$ 727,188

Revenue that is not considered available at year end is reported as a deferred inflow of resources in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax, state aid, and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

Note 7. Long-Term Liabilities

A. Unlimited Tax Bonds

Long-term obligation activities during the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 587,593,439	\$ 314,125,000	\$ (31,503,570)	\$ 870,214,869	\$ 9,937,321
Accreted interest	65,564,431	1,633,433	(10,900,167)	56,297,697	11,872,679
Bond premium (discount)	32,292,453	17,939,114	(3,888,201)	46,343,366	-
Total bonds payable	\$ 685,450,323	\$ 333,697,547	\$ (46,291,938)	\$ 972,855,932	\$ 21,810,000
Arbitrage rebate liability	-	1,656,285	-	1,656,285	-
Net pension liability	17,479,157	32,567,695	(3,647,038)	46,399,814	-
Net OPEB liability	39,562,196	4,054,423	(17,212,297)	26,404,322	-
Total long-term liabilities	\$ 742,491,676	\$ 371,975,950	\$ (67,151,273)	\$ 1,047,316,353	\$ 21,810,000

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

Rockwall Independent School District

Notes to the Basic Financial Statements

On July 15, 2022, the District issued "Rockwall Independent School District Unlimited Tax School Building Bonds, Series 2022A," totaling \$106,050,000. These bonds incur an average cost over the life of the bonds at a rate of 5.00% and mature annually with semi-annual interest payments. The proceeds were used to construct and renovate school buildings, to purchase new school buses, and for acquiring and updating technology equipment. The bonds will fully mature in 2052.

On May 1, 2023, the District issued "Rockwall Independent School District Unlimited Tax School Building Bonds, Series 2023," totaling \$194,985,000. These bonds incur an average cost over the life of the bonds at a rate of 4.00-5.00% and mature annually with semi-annual interest payments. The proceeds were used to construct and renovate school buildings, to purchase new school buses, and for acquiring and updating technology equipment. The bonds will fully mature in 2053.

On May 1, 2023, the District issued "Rockwall Independent School District Unlimited Tax Refunding Bonds, Series 2023," totaling \$13,090,000 to refund a portion of the outstanding bonds. These bonds incur an average cost over the life of the bonds at a rate of 3.25-5.00% and mature annually with semi-annual interest payments. The proceeds were used to purchase U.S. Government securities and these securities were placed in an irrevocable escrow account until the refunded bonds are redeemed. The District, in effect, decreased its aggregate debt service payments by \$683,417 and resulted in an economic gain (difference between present values of the old and new debt service payment) of \$523,880. The bonds will fully mature in 2039.

In prior years, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2023, the outstanding balance of defeased bonds is \$344,769,870.

Rockwall Independent School District

Notes to the Basic Financial Statements

Unlimited tax bonds outstanding as of June 30, 2023 are as follows:

Purpose and Lawful Authority	Interest Rate	Final Maturity	Amount	Amounts Outstanding 07/01/22	Issued	Retired/ Refunded	Amounts Outstanding 06/30/23	Interest Accretion 6/30/23
Variable Rate Unlimited Tax School Building Bonds, Series 2006	4.50% to 4.82%	2037	\$ 32,000,000	\$ 27,000,000	\$ -	\$ -	\$ 27,000,000	\$ -
Unlimited Tax School Building and Refunding Bonds, Series 2011	4.00% to 4.50%	2027	9,425,000	2,635,000	-	425,000	2,210,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	2032	9,280,000	1,770,000	-	610,000	1,160,000	-
Unlimited Tax Refunding Bonds Series 2015	1.86% to 3.98%	2037	89,568,204	47,898,369	-	939,326	46,959,043	25,490,341
Unlimited Tax Refunding Bonds Series 2015A	2.00 to 5.13%	2032	32,193,467	27,179,419	-	10,501	27,168,918	6,425,560
Unlimited Tax School Building Bonds, Series 2016	2.00 to 5.00%	2046	107,960,000	400,000	-	100,000	300,000	-
Unlimited Tax School Building Bonds, Series 2017	2.00 to 5.00%	2047	69,555,000	68,285,000	-	725,000	67,560,000	-
Unlimited Tax Refunding Bonds Series 2017A	4.00% to 5.00%	2042	37,300,000	34,885,000	-	2,210,000	32,675,000	-
Unlimited Tax School Building Bonds, Series 2018	4.00% to 5.00%	2048	42,605,000	41,945,000	-	1,350,000	40,595,000	-
Unlimited Tax Refunding Bonds Series 2019	2.52% to 4.00%	2042	81,569,977	80,800,001	-	16,800,001	64,000,000	-
Unlimited Tax Refunding Bonds Series 2020	1.696% to 5.00%	2046	163,789,812	157,705,650	-	198,742	157,506,908	-
Unlimited Tax School Building Bonds, Series 2020	4.00% to 5.00%	2050	16,985,000	14,795,000	-	-	14,795,000	24,381,796
Unlimited Tax School Building Bonds, Series 2022	3.00% to 5.00%	2052	82,295,000	82,295,000	-	2,025,000	80,270,000	-
Unlimited Tax School Building Bonds, Series 2022A	5.00%	2052	106,050,000	-	106,050,000	6,110,000	99,940,000	-
Unlimited Tax School Building Bonds, Series 2023	4.00% to 5.00%	2053	194,985,000	-	194,985,000	-	194,985,000	-
Unlimited Tax Refunding Bonds Series 2023A	3.25% to 5.00%	2039	13,090,000	-	13,090,000	-	13,090,000	-
				<u>\$ 587,593,439</u>	<u>\$ 314,125,000</u>	<u>\$ 31,503,570</u>	<u>\$ 870,214,869</u>	<u>\$ 56,297,697</u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Debt service requirements are as follows:

Year Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2024	\$ 9,937,321	\$ 44,006,420	\$ 53,943,741
2025	17,758,093	39,514,155	57,272,248
2026	19,622,974	37,105,474	56,728,448
2027	21,130,515	37,105,283	58,235,798
2028	23,393,286	36,367,537	59,760,823
2029-2033	87,737,680	178,649,588	266,387,268
2034-2038	138,265,000	126,150,069	264,415,069
2039-2043	168,255,000	98,228,318	266,483,318
2044-2048	209,625,000	63,129,136	272,754,136
2049-2053	174,490,000	21,153,150	195,643,150
	<u>\$ 870,214,869</u>	<u>\$ 681,409,130</u>	<u>\$ 1,551,623,999</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

Voters have authorized the issuance of additional bonds for construction and improvements. The following represents these authorizations:

Date of Authorization	Amount Authorized	Amount Issued	Remaining Unissued
November 02, 2021	\$ 475,845,000	\$ 390,000,000	\$ 85,845,000

B. Interest Rate Swap Agreement

Objective

The objective of the swap is to hedge against the potential of rising rates associated with the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006 (Series 2006 Bonds).

Terms

The notional amount totals \$27,000,000, the principal amount of the Series 2006 Bonds. The District's swap agreement contains scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the Series 2006 Bonds in varying amounts during the years 2031 through 2036.

Under the terms of the swap, the District is obligated to make payments to JP Morgan Chase Bank (JPMCB) at a fixed rate of 3.853% per annum, and JPMCB is obligated to make floating rate payments to the District calculated on a notional amount that is equal to the hedge portion of the Series 2006 Bonds at a rate equal to 62.5% of the 5-year constant maturity swap rate (a reported market fixed rate at which 5-year interest rate swaps for a one-month U.S. dollar LIBOR rate are entered into from time to time). The Series 2006 Bonds and the 2006 Swap Agreement have a stated final maturity date of June 1, 2037. On August 11, 2010 the terms were amended to the floating rate from 68% of 1 month LIBOR to 68% of LIBOR.

Rockwall Independent School District

Notes to the Basic Financial Statements

Interest in the maturity schedule was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 3.853% pursuant to the 2006 Swap Agreement; (b) the estimated cost of the liquidity facility for the Series 2006 Bonds (0.120%); (c) the estimated cost of remarketing the Series 2006 Bonds (0.125%); and (d) 0.72% per year to offset the potential differences between the floating rates payable to the District pursuant to the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006 Bonds.

Arrangements made in respect of the 2006 Swap Agreement do not alter the District's obligation to pay principal of and interest on the Series 2006 Bonds. The 2006 Swap Agreement does not provide a source of security or other credit for the Series 2006 Bonds. The District's obligations under the 2006 Swap Agreement are secured by a levy of an annual ad valorem tax on parity with the District's obligation to pay principal and interest on the Series 2006 Bonds.

The District applies GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, which addresses the recognition, measurement, and disclosures related to derivative instruments. The District evaluated all potential hedging derivative instruments for effectiveness utilizing the regression method as of June 30, 2023 and determined the derivatives to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivatives act as cash flow hedges.

Fair Value

Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$3,416,223 or a positive change of \$1,801,363. Fair market value is determined to be the amount the District would have paid, should the swap have terminated at June 30, 2023.

Credit Risk

As of June 30, 2023, the District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement because the swap has a negative fair value. However, should interest rates change so that the fair value of the 2006 Swap Agreement became positive, the District would be exposed to credit risk in the amount of the fair value of the 2006 Swap Agreement.

As of June 30, 2023, JPMCB was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively.

Termination Risk

The 2006 Swap Agreement is subject to mandatory termination in the event of default or as follows:

If the ratings assigned to the District's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P, or if the ratings assigned to JPMCB's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P.

The 2006 Swap Agreement is also subject to optional termination by the District at any time over the term of the 2006 Swap Agreement at the then prevailing market value. JPMCB does not have the elective right to optionally terminate the 2006 Swap Agreement.

Swap Payments and Associated Debt

The debt service requirements of the hedged portion of the Series 2006 Bonds are included in the debt service maturity schedule on page 50. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreements and the actual interest rates payable by the District on the Series 2006 Bonds will vary.

Rockwall Independent School District

Notes to the Basic Financial Statements

Cancelable and Short Term Leases

Commitments under cancellable or short term leases (noncapitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2023. The imputed interest on the leases is not readily determinable.

Note 8. General Fund Federal Source Revenues

During the current year, general fund federal source revenues consisted of the following:

Program or Source	Assistance Listing #	Amount
Indirect cost reimbursement	N/A	\$ 880,754
Medicare reimbursement (SHARS)	N/A	1,703,397
		\$ 2,584,151

Note 9. Revenue from Local and Intermediate Sources

During the year ended June 30, 2023, the District received revenues from local and intermediate sources consisting of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Property taxes-current	\$ 120,622,603	\$ -	\$ 50,722,226	\$ -	\$ -	\$ 171,344,829
Property taxes-delinquent	729,185	-	378,240	-	-	1,107,425
Penalties, interest, and other	658,178	-	240,381	-	-	898,559
Investment earnings	3,636,166	176,768	1,679,442	9,481,415	-	14,973,791
Food service income	-	4,349,593	-	-	-	4,349,593
Gifts and bequest	23,763	-	-	-	-	23,763
Co-curricular/extracurricular activities	671,443	-	-	-	3,636,725	4,308,168
Other	1,468,275	-	-	-	453	1,468,728
Total local revenue	\$ 127,809,613	\$ 4,526,361	\$ 53,020,289	\$ 9,481,415	\$ 3,637,178	\$ 198,474,856

Note 10. Receivables

Receivables at June 30, 2023 for the District's individual major funds and aggregate non major funds including any applicable allowances for uncollectible accounts are as follows:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	Total
Due from other governments	\$ 5,803,888	\$ 17,378	\$ 175,259	\$ 277,085	\$ -	\$ 6,273,610
Property taxes	3,041,177	-	1,212,074	-	-	4,253,251
Other receivables	-	-	-	-	267,635	267,635
Less: Allowance for uncollectible accounts	(152,058)	-	(60,604)	-	(2,742)	(215,404)
Net receivables	\$ 8,693,007	\$ 17,378	\$ 1,326,729	\$ 277,085	\$ 264,893	\$ 10,579,092

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 11. Employees' Retirement Plan

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

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

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

D. Contributions

Contribution requirements are established or amended pursuant to Article XVI, 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. 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.

Rockwall Independent School District

Notes to the Basic Financial Statements

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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing entity (State)	8.00%	7.75%
Employers (District)	8.00%	7.75%

The contribution amounts for the District's fiscal year 2023 are as follows:

Contributions:	
2023 Employer contributions	\$ 4,110,132
2023 Member contributions	9,133,940
2023 NECE on-behalf contributions	6,138,752

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.

Rockwall Independent School District

Notes to the Basic Financial Statements

E. Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2022	3.91%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2121
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2021 and adopted in July 2022.

Rockwall Independent School District

Notes to the Basic Financial Statements

F. Discount Rate and Long-term Expected Rate of Return

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term 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 TRS's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global equity:			
U.S.	18.00%	4.60%	1.12%
Non-U.S. developed	13.00%	4.90%	0.90%
Emerging markets	9.00%	5.40%	0.75%
Private equity*	14.00%	7.70%	1.55%
Stable value:			
Government bonds	16.00%	1.00%	0.22%
Absolute return*	-	3.70%	-
Stable value hedge funds	5.00%	3.40%	0.18%
Real return:			
Real estate	15.00%	4.10%	0.94%
Energy, natural resources and infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk parity:			
Risk parity	8.00%	4.60%	0.43%
Asset allocation leverage:			
Cash	2.00%	3.00%	0.01%
Asset allocation leverage	-6.00%	3.60%	-0.05%
Inflation expectation			2.70%
Volatility drag****			-0.91%
Total	100.00%		8.21%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2022 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 8/31/2022).

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

Rockwall Independent School District

Notes to the Basic Financial Statements

G. Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 72,180,517	\$ 46,399,814	\$ 25,503,343

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

On June 30, 2023, the District reported a liability of \$46,399,814 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 46,399,814
State's proportionate share that is associated with District	<u>78,100,907</u>
Total	<u>\$ 124,500,721</u>

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022. The net pension liability is typically liquidated by the General Fund.

At the measurement date of August 31, 2022 the District's proportion of the collective net pension liability was 0.07815702% which was an increase of 0.009521% from its proportion measured as of August 31, 2021.

I. Changes of Assumptions Since the Prior Actuarial Valuation

New assumptions were adopted in conjunction with an actuarial experience study since the prior measurement date that affected measurement of the total pension liability during the measurement period. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Rockwall Independent School District

Notes to the Basic Financial Statements

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

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$13,323,499 and revenue of \$7,465,561 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 672,794	\$ (1,011,604)
Changes in actuarial assumptions	8,645,795	(2,154,774)
Difference between projected and actual investment earnings	4,584,153	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,874,388	(2,008,187)
Contributions paid to TRS subsequent to the measurement date	3,474,706	-
Total	\$ 21,251,836	\$ (5,174,565)

\$3,474,706 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense (Income)
2024	\$ 3,209,539
2025	1,799,417
2026	633,711
2027	5,771,045
2028	1,188,853
Thereafter	-
Total	\$ 12,602,565

Note 12. Defined Other Post-Employment Benefit Plan

A. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

Rockwall Independent School District

Notes to the Basic Financial Statements

OPEB Plan Fiduciary Net Position

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

B. Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible 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. The Board of Trustees of TRS 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 premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

C. Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rockwall Independent School District

Notes to the Basic Financial Statements

Rates for such plan fiscal years are as follows:

	2023	2022
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

The contribution amounts for the District's fiscal year 2023 are as follows:

2023 District contributions	\$	1,771,643
2023 Member contributions		742,133
2023 NECE on-behalf contributions (state)		1,104,856

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 TRS-Care a monthly surcharge of \$535 per retiree.

The State of Texas contributed \$454,845, \$461,649, and \$593,079, in 2021, 2022, and 2023, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

D. Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 11 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Rockwall Independent School District

Notes to the Basic Financial Statements

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

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	3.91%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

E. Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability at August 31, 2022. This was an increase of 1.96% in the discount rate since the August 31, 2021 measurement date. The plan is essentially a "pay-as-you-go" plan and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2022.

Rockwall Independent School District

Notes to the Basic Financial Statements

Sensitivity of the Net OPEB Liability

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
1% Decrease (2.91%)	Current Single Discount Rate (3.91%)	1% Increase (4.91%)
\$ 31,132,789	\$ 26,404,322	\$ 22,573,656

Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 21,757,280	\$ 26,404,322	\$ 32,428,614

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

On June 30, 2023, the District reported a liability of \$26,404,322 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 net OPEB liability	\$ 26,404,322
State's proportionate share of the net OPEB liability associated with the District	32,209,124
Total	\$ 58,613,446

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022. The net OPEB liability is typically liquidated by the General Fund.

Rockwall Independent School District

Notes to the Basic Financial Statements

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.1102753% which was an increase of 0.007715% from its proportion measured as of August 31, 2021.

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 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$626,479 and revenue of \$4,570,735 for support provided by the State.

On June 30, 2023, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 1,467,987	\$ (21,997,170)
Changes of assumptions	4,021,901	(18,344,152)
Net difference between projected and actual earnings on investments	78,651	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	6,334,533	(1,397,165)
District contributions after measurement date	<u>1,489,919</u>	<u>-</u>
Totals	<u><u>\$ 13,392,991</u></u>	<u><u>\$ (41,738,487)</u></u>

\$1,489,919 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
<u> </u>	
2024	\$ (5,682,719)
2025	(5,682,434)
2026	(4,562,722)
2027	(3,046,816)
2028	(3,761,586)
Thereafter	<u>(7,099,138)</u>
Total	<u><u>\$ (29,835,415)</u></u>

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 13. Risk Management

A. Health Care

The District terminated the previously established health self insurance plan (Plan) beginning September 10, 2010. The plan will continue to pay claims until all are settled.

The District had a contract and inter-local agreement with United Healthcare, Inc. which limited the District's exposure on individual health claims incurred prior to October 1, 2008.

The latest financial statements available for United Healthcare, Inc. are filed with the Texas State Board of Insurance, Austin, Texas, and are public record. The District does not provide any post-retirement health benefits to its employees.

B. Unemployment Compensation Pool

During the year ended June 30, 2023, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation program is authorized by Section 22.005 of Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

C. Other Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover these 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.

Note 14. Commitments and Contingencies

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired.

Rockwall Independent School District

Notes to the Basic Financial Statements

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 financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. Total rebate liability as of June 30, 2023 was \$1,656,285. This amount is considered a long-term liability, and as such, is reported only on the government-wide financial statements.

Note 15. New Accounting Pronouncements

GASB Statement No. 99, Omnibus 2022 (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 100, Accounting Changes and Error Corrections (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

Rockwall Independent School District

Notes to the Basic Financial Statements

Note 16. Nonmonetary Transactions

The District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$631,941. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$631,941 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.



Rockwall

INDEPENDENT SCHOOL DISTRICT

Required Supplementary Information

Rockwall Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Fiscal Year Ended June 30, 2023

Exhibit G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	GAAP BASIS Fund	Final Budget Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 128,836,481	\$ 130,776,631	\$ 127,809,613	\$ (2,967,018)
5800	State program revenues	25,496,116	25,496,116	34,301,180	8,805,064
5900	Federal program revenues	1,500,000	2,000,000	2,584,151	584,151
5020	Total revenues	155,832,597	158,272,747	164,694,944	6,422,197
EXPENDITURES					
Current:					
0011	Instruction	95,103,827	95,381,487	95,332,653	48,834
0012	Instructional resources and media services	2,019,715	1,994,261	1,843,150	151,111
0013	Curriculum and instructional staff development	3,022,821	2,978,552	2,924,506	54,046
0021	Instructional leadership	1,461,162	1,497,479	1,475,291	22,188
0023	School leadership	9,310,161	9,359,152	9,320,237	38,915
0031	Guidance, counseling, and evaluation services	4,802,649	5,455,100	5,331,024	124,076
0032	Social work services	354,505	286,505	251,005	35,500
0033	Health services	2,109,461	2,136,909	2,054,807	82,102
0034	Student (pupil) transportation	6,085,311	7,110,311	7,052,514	57,797
0036	Cocurricular/extracurricular activities	4,401,345	5,336,274	4,910,954	425,320
0041	General administration	4,843,736	5,469,280	5,409,691	59,589
0051	Plant maintenance and operations	16,826,783	18,387,269	18,079,224	308,045
0052	Security and monitoring services	2,394,144	3,149,684	2,484,883	664,801
0053	Data processing services	3,100,536	3,341,405	3,071,603	269,802
0061	Community services	52,800	67,800	59,694	8,106
0081	Facilities acquisition and construction	-	73,000	72,188	812
0099	Other intergovernmental charges	1,550,000	1,615,000	1,598,026	16,974
6030	Total expenditures	157,438,956	163,639,468	161,271,450	2,368,018
1100	Excess (deficiency) of revenues over (under) expenditures	(1,606,359)	(5,366,721)	3,423,494	8,790,215
OTHER FINANCING SOURCES (USES) :					
7915	Transfers in	740,000	740,000	740,000	-
7080	Total other financing sources (uses)	740,000	740,000	740,000	-
7919	Extraordinary items - hail damage repair	-	(566,328)	(264,984)	301,344
1200	Net change in fund balances	(866,359)	(5,193,049)	3,898,510	9,091,559
0100	Fund balance - July 1 (beginning)	77,606,675	77,606,675	77,606,675	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 76,740,316	\$ 72,413,626	\$ 81,505,185	\$ 9,091,559

Rockwall Independent School District
 Budgetary Comparison Schedule – Child Nutrition Fund
 For the Fiscal Year Ended June 30, 2023

Exhibit G-2

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS	Variance With Final Budget
		Original	Final	Fund	Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 4,303,560	\$ 4,303,560	\$ 4,526,361	\$ 222,801
5800	State program revenues	163,000	288,000	150,266	(137,734)
5900	Federal program revenues	4,336,173	4,336,173	4,498,559	162,386
5020	Total revenues	8,802,733	8,927,733	9,175,186	247,453
EXPENDITURES					
0035	Food service	9,197,873	9,366,472	8,268,858	1,097,614
0093	Payments to member districts of SSA	4,860	5,400	4,680	720
6030	Total expenditures	9,202,733	9,371,872	8,273,538	1,098,334
1100	Excess (deficiency) of revenues over (under) expenditures	(400,000)	(444,139)	901,648	1,345,787
OTHER FINANCING USES					
8911	Transfers out	(240,000)	(240,000)	(240,000)	-
6030	Total other financing uses	(240,000)	(240,000)	(240,000)	-
1200	Net change in fund balances	(640,000)	(684,139)	661,648	1,345,787
0100	Fund balance - July 1 (beginning)	4,001,456	4,001,456	4,001,456	-
3000	FUND BALANCE - JUNE 30 (ENDING)	<u>\$ 3,361,456</u>	<u>\$ 3,317,317</u>	<u>\$ 4,663,104</u>	<u>\$ 1,345,787</u>

Rockwall Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability - TRS For the Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net pension liability	0.0781570%	0.0686360%	0.0699055%
District's proportionate share of net pension liability	\$ 46,399,814	\$ 17,479,157	\$ 37,439,933
States proportionate share of the net pension liability associated with the District	<u>78,100,907</u>	<u>36,374,106</u>	<u>74,886,740</u>
TOTALS	<u>\$ 124,500,721</u>	<u>\$ 53,853,263</u>	<u>\$ 112,326,673</u>
District's covered payroll	\$ 108,377,565	\$ 101,675,540	\$ 99,407,924
District's proportionate share of the net pension liability as a percentage of its covered payroll	43%	17%	38%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%

Note: GASB 68, 81,2,a requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2022 - the period from September 1, 2021 - August 31, 2022.

Note: Ten years of data is not available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0765854%	0.0735503%	0.0744381%	0.0737156%	0.0725289%	0.0453196%
\$ 39,811,495	\$ 40,483,878	\$ 23,801,309	\$ 27,856,026	\$ 25,638,002	\$ 12,105,493
<u>71,026,015</u>	<u>75,253,136</u>	<u>44,716,694</u>	<u>51,129,846</u>	<u>49,558,520</u>	<u>42,347,090</u>
<u>\$ 110,837,510</u>	<u>\$ 115,737,014</u>	<u>\$ 68,518,003</u>	<u>\$ 78,985,872</u>	<u>\$ 75,196,522</u>	<u>\$ 54,452,583</u>
\$ 94,713,335	\$ 89,139,344	\$ 87,243,269	\$ 82,343,778	\$ 78,362,239	\$ 75,269,028
42%	45%	27%	34%	33%	16%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

The Notes to the Required Supplementary Information are an integral part of this statement.

Rockwall Independent School District
 Schedule of the District's Contributions - TRS
 For the Last Nine Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 4,110,132	\$ 3,535,617	\$ 2,906,625
Contributions in relation to the contractually required contributions	<u>(4,110,132)</u>	<u>(3,535,617)</u>	<u>(2,906,625)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 114,174,248	\$ 107,609,014	\$ 100,948,561
Contribution as a percentage of covered payroll	3.60%	3.29%	2.88%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2021 - August 31, 2022.

Note: Ten years of data is not available.

Exhibit G-4

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,861,265	\$ 2,645,045	\$ 1,399,462	\$ 1,390,393	\$ 1,373,794	\$ 2,009,059
<u>(2,861,265)</u>	<u>(2,645,045)</u>	<u>(1,399,462)</u>	<u>(1,390,393)</u>	<u>(1,373,794)</u>	<u>(2,009,059)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 98,751,203	\$ 93,809,596	\$ 88,789,854	\$ 86,453,007	\$ 81,771,581	\$ 77,683,359
2.90%	2.82%	1.58%	1.61%	1.68%	2.59%

The Notes to the Required Supplementary Information are an integral part of this statement.

Rockwall Independent School District

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan Teacher Retirement System of Texas Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
District's proportion of the net OPEB liability	0.110275293%	0.102560572%	0.103648498%
District's proportionate share of the net OPEB liability	\$ 26,404,322	\$ 39,562,196	\$ 39,401,475
State's proportionate share of the net OPEB liability associated with the District	<u>32,209,124</u>	<u>53,004,526</u>	<u>52,946,137</u>
TOTALS	<u>\$ 58,613,446</u>	<u>\$ 92,566,722</u>	<u>\$ 92,347,612</u>
District's covered payroll	\$ 108,377,565	\$ 101,675,540	\$ 99,407,924
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	24.36%	38.91%	39.64%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year. Ten years of data is not available.

<u>2020</u>	<u>2019</u>	<u>2018</u>
0.105722627%	0.102197692%	0.098472187%
\$ 49,997,522	\$ 51,028,243	\$ 42,821,860
<u>66,435,528</u>	<u>78,169,183</u>	<u>69,998,997</u>
<u>\$ 116,433,050</u>	<u>\$ 129,197,426</u>	<u>\$ 112,820,857</u>
\$ 94,713,335	\$ 89,139,344	\$ 87,243,269
52.79%	57.25%	49.08%
2.66%	1.57%	0.91%

Rockwall Independent School District
 Schedule of the District's Contributions to the
 Teacher Retirement System of Texas OPEB Plan
 Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TRS			
Contractually required contributions	\$ 1,771,643	\$ 886,878	\$ 789,308
Contributions in relation to the contractually required contributions	<u>(1,771,643)</u>	<u>(886,878)</u>	<u>(789,308)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 114,174,248	\$ 107,609,014	\$ 100,948,561
Contribution as a percentage of covered payroll	1.55%	0.82%	0.78%

Note: The amounts presented for the fiscal year were determined as of the District's fiscal year end June 30. Ten years of data is not available.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 781,766	\$ 741,834	\$ 671,699
<u>(781,766)</u>	<u>(741,834)</u>	<u>(671,699)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 98,751,203	\$ 93,809,596	\$ 88,789,854
0.79%	0.79%	0.76%

Rockwall Independent School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Note 1. Budgetary Data

A. Budgetary Information

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

Combining Statements and Schedules



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Governmental Funds Combining Statements

Rockwall Independent School District

Exhibit H-1

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Data Control Codes	Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
1110 Cash and cash equivalents	\$ -	\$ -	\$ 999	\$ 999
1240 Due from other governments	263,447	13,638	-	277,085
1260 Due from other funds	1,357,138	12,930	2,818,941	4,189,009
1300 Inventories	-	-	3,181	3,181
1410 Prepaid items	-	-	-	-
1000 Total assets	<u>\$ 1,620,585</u>	<u>\$ 26,568</u>	<u>\$ 2,823,121</u>	<u>\$ 4,470,274</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts payable	\$ 2,699	\$ -	\$ 27,367	\$ 30,066
2150 Payroll payable	178,366	18	4,108	182,492
2160 Accrued wages payable	947,444	-	31,177	978,621
2170 Due to other funds	221,041	13,429	367,774	602,244
2300 Unearned revenues	271,035	-	-	271,035
2000 Total liabilities	1,620,585	13,447	430,426	2,064,458
Fund balances:				
Nonspendable:				
3410 Inventory	-	-	3,181	3,181
Restricted:				
3450 Grant funds	-	13,121	-	13,121
Committed:				
3545 Local special revenue	-	-	2,389,514	2,389,514
3000 Total fund balances	<u>-</u>	<u>13,121</u>	<u>2,392,695</u>	<u>2,405,816</u>
4000 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,620,585</u>	<u>\$ 26,568</u>	<u>\$ 2,823,121</u>	<u>\$ 4,470,274</u>

Rockwall Independent School District

Exhibit H-2

Combining Statement of Revenues, Expenditures and Changes
in Fund Balance – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES					
5700	Total local and intermediate sources	\$ -	\$ -	\$ 3,637,178	\$ 3,637,178
5800	State program revenues	-	1,097,615	35,457	1,133,072
5900	Federal program revenues	10,997,578	-	-	10,997,578
5020	Total revenues	<u>10,997,578</u>	<u>1,097,615</u>	<u>3,672,635</u>	<u>15,767,828</u>
EXPENDITURES					
Current:					
0011	Instruction	3,596,692	638,110	20,700	4,255,502
0013	Curriculum and staff development	2,598,516	3,857	-	2,602,373
0021	Instructional leadership	126,631	-	-	126,631
0023	School leadership	29,712	257	-	29,969
0031	Guidance, counseling, and evaluation services	2,972,761	-	-	2,972,761
0033	Health services	13,115	-	-	13,115
0034	Student (pupil) transportation	4,240	-	-	4,240
0035	Food services	-	1,717	-	1,717
0036	Cocurricular/extracurricular activities	-	-	3,266,712	3,266,712
0052	Security and monitoring services	-	455,390	-	455,390
0053	Data processing services	1,641,362	-	-	1,641,362
0061	Community services	14,549	-	-	14,549
6030	Total expenditures	<u>10,997,578</u>	<u>1,099,331</u>	<u>3,287,412</u>	<u>15,384,321</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	(1,716)	385,223	383,507
OTHER FINANCING SOURCES (USES)					
8911	Transfers out	-	(138,572)	138,572	-
7080	Total other financing sources (uses)	<u>-</u>	<u>(138,572)</u>	<u>138,572</u>	<u>-</u>
1200	Net change in fund balances	-	(140,288)	523,795	383,507
0100	Fund balance - July 1 (beginning)	<u>-</u>	<u>153,409</u>	<u>1,868,900</u>	<u>2,022,309</u>
3000	Fund balance - June 30 (ending)	<u>\$ -</u>	<u>\$ 13,121</u>	<u>\$ 2,392,695</u>	<u>\$ 2,405,816</u>



Rockwall

INDEPENDENT SCHOOL DISTRICT

Nonmajor Enterprise Funds Combining Statements

Rockwall Independent School District

Exhibit H-3

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2023

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
	ASSETS			
	Current assets:			
1110	Cash and cash equivalents	\$ 49,547	\$ 652,080	\$ 701,627
1260	Due from other funds	-	179,364	179,364
1290	Other receivables, net	264,076	817	264,893
	Total current assets	313,623	832,261	1,145,884
	Noncurrent assets:			
1530	Furniture and equipment, net	141,723	27,036	168,759
	Total noncurrent assets	141,723	27,036	168,759
1000	Total assets	\$ 455,346	\$ 859,297	\$ 1,314,643
	LIABILITIES AND NET POSITION			
	Liabilities:			
2110	Accounts payable	\$ 125	\$ 3,607	\$ 3,732
2150	Payroll deductions and withholdings	-	13,039	13,039
2160	Accrued wages payable	-	51,203	51,203
2170	Due to other funds	-	23,789	23,789
2300	Unearned revenue	264,126	-	264,126
2000	Total liabilities	264,251	91,638	355,889
	Net position:			
3200	Investment in capital assets	141,723	27,036	168,759
3620	Unrestricted	49,372	740,623	789,995
3000	Total net position	191,095	767,659	958,754
4000	TOTAL LIABILITIES AND FUND BALANCES	\$ 455,346	\$ 859,297	\$ 1,314,643

Rockwall Independent School District

Exhibit H-4

Combining Statement of Revenues, Expenses and Changes
in Net Position – Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2023

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
OPERATING REVENUES				
5700	Total local and intermediate sources	\$ 217,469	\$ 1,699,326	\$ 1,916,795
5800	State program revenues	-	69,838	69,838
5020	Total operating revenues	217,469	1,769,164	1,986,633
OPERATING EXPENSES				
6100	Payroll costs	-	1,233,827	1,233,827
6200	Professional and contracted services	55,714	21,229	76,943
6300	Supplies and materials	20,000	68,053	88,053
6400	Depreciation	26,650	227	26,877
6400	Other operating costs	9,002	131,589	140,591
6030	Total operating expenses	111,366	1,454,925	1,566,291
	Income before transfers	106,103	314,239	420,342
8911	Transfers out	(100,000)	(400,000)	(500,000)
1300	Change in net position	6,103	(85,761)	(79,658)
0100	Total net position, beginning (July 1)	184,992	853,420	1,038,412
3300	TOTAL NET POSITION, ENDING (JUNE 30)	\$ 191,095	\$ 767,659	\$ 958,754

Rockwall Independent School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2023

Exhibit H-5

	Business-Type Activities		
	Sports Marketing Fund	ROCK After School Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from user charges	\$ 216,824	\$ 1,700,204	\$ 1,917,028
Payments to employees	-	(1,172,150)	(1,172,150)
Payments to suppliers	-	(68,053)	(68,053)
Other payments	(84,716)	(238,721)	(323,437)
Net cash provided by operating activities	<u>132,108</u>	<u>221,280</u>	<u>353,388</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and disposal of capital asset	-	(27,263)	(27,263)
Net cash used in capital and related financing activities	-	(27,263)	(27,263)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers out	(100,000)	(400,000)	(500,000)
Net cash used in non-capital financing activities	(100,000)	(400,000)	(500,000)
Net increase (decrease) in cash and cash equivalents	32,108	(205,983)	(173,875)
Cash and cash equivalents at beginning of the year	17,439	858,063	875,502
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 49,547</u>	<u>\$ 652,080</u>	<u>\$ 701,627</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income:	\$ 106,103	\$ 314,239	\$ 420,342
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	26,650	227	26,877
Effect of increases and decreases in current assets and liabilities:			
Other receivables	98,195	-	98,195
Interfund receivables	-	(179,364)	(179,364)
Accounts payable	-	878	878
Interfund payables	-	23,623	23,623
Accrued liabilities	-	61,677	61,677
Unearned revenue	(98,840)	-	(98,840)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 132,108</u>	<u>\$ 221,280</u>	<u>\$ 353,388</u>

T.E.A. Required Schedules

Rockwall Independent School District
 Schedule of Delinquent Taxes Receivable
 For the Fiscal Year Ended June 30, 2023

<u>Last Ten Years Ended June 30,</u>	<u>Tax Rates</u>		<u>3 Net Assessed/Appraised Value For School Tax Purposes</u>
	<u>1 Maintenance</u>	<u>2 Debt Service</u>	
2014 and prior years	Various	Various	Various
2015	1.0400	0.4000	7,756,813,337
2016	1.0400	0.4000	8,237,025,065
2017	1.0400	0.4250	9,037,027,555
2018	1.0400	0.4000	8,624,101,389
2019	1.0400	0.3900	9,508,845,944
2020	0.9700	0.3800	10,298,916,593
2021	0.9400	0.3700	11,152,619,995
2022	0.9036	0.3700	11,920,214,359
2023 (School year under audit)	0.8546	0.3600	14,375,431,265
1000 TOTALS	Total taxes receivable per Exhibit C-1		
8000 TOTALS	Taxes refunded		

Exhibit J-1

10	20	31	32	40	50
Beginning	Current	Maintenance	Debt Service	Entire	Ending
Balance	Year's	Collections	Collections	Year's	Balance
7/1/2022	Total Levy			Adjustments	6/30/2023
\$ 469,041	\$ -	\$ 16,573	\$ 6,570	\$ -	\$ 445,898
(23,765)	-	3,528	1,357	-	(28,650)
170,790	-	2,980	1,147	-	166,663
343,487	-	6,059	2,476	-	334,952
122,787	-	15,794	6,075	(4)	100,914
166,196	-	24,141	9,053	152	133,154
282,790	-	128,370	50,289	52,574	156,705
402,953	-	(22,180)	(8,730)	(133,174)	300,689
1,705,260	-	757,156	310,035	(152,546)	485,523
-	174,603,988	120,337,279	50,685,305	(1,424,001)	2,157,403
<u>\$ 3,639,539</u>	<u>\$ 174,603,988</u>	<u>\$ 121,269,700</u>	<u>\$ 51,063,577</u>	<u>\$ (1,656,999)</u>	<u>\$ 4,253,251</u>
		\$ 738,636			

Rockwall Independent School District
 Budgetary Comparison Schedule – Debt Service Fund
 For the Fiscal Year Ended June 30, 2023

Exhibit J-2

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	GAAP BASIS Fund	Final Budget Positive or (Negative)
REVENUES					
5700	Total local and intermediate sources	\$ 46,027,272	\$ 51,347,272	\$ 53,020,289	\$ 1,673,017
5800	State program revenues	500,000	1,540,000	1,544,184	4,184
5020	Total revenues	46,527,272	52,887,272	54,564,473	1,677,201
EXPENDITURES					
0071	Debt service - principal on long-term debt	10,883,570	16,993,570	16,993,569	1
0072	Debt service - interest on long-term debt	32,035,987	35,505,466	35,408,876	96,590
0073	Debt service - bond issuance costs and fees	3,600,799	625,693	439,959	185,734
6030	Total expenditures	46,520,356	53,124,729	52,842,404	282,325
1100	Excess (deficiency) of revenues over (under) expenditures	6,916	(237,457)	1,722,069	1,959,526
OTHER FINANCING SOURCES (USES)					
7901	Issuance of refunding bonds	-	13,090,000	13,090,000	-
7916	Premium or discount on issuance of bonds	-	1,418,149	1,418,149	-
8940	Payments to refunded bond escrow agent	-	(14,263,775)	(14,263,775)	-
7080	Total other financing sources (uses)	-	244,374	244,374	-
1200	Net change in fund balances	6,916	6,917	1,966,443	1,959,526
0100	Fund balance - July 1 (beginning)	26,794,577	26,794,577	26,794,577	-
3000	FUND BALANCE - JUNE 30 (ENDING)	\$ 26,801,493	\$ 26,801,494	\$ 28,761,020	\$ 1,959,526

<u>Data Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 7,186,699
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 3,999,320
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,070,472
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 651,765



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District

Index for Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about Rockwall Independent School District's overall financial health.

Contents	Exhibits
Financial Trends Information These schedules contain trend information intended to help the reader understand how the district's financial position has changed over time.	S1 – S6
Revenue Capacity Information These schedules contain information intended to help the reader assess the district's most significant revenue source, state tax collections.	S7 – S10
Debt Capacity information These schedules contain information intended to assist users in understanding and assessing the district's current levels of outstanding debt and the ability to issue additional debt.	S11 – S13
Demographic and Economic information These schedules provide demographic and economic indicators intended to help the reader understand the socioeconomic environment within which the district's financial activities take place.	S14 – S15
Operating Information These schedules provide contextual information about the district's operations and resources intended to assist readers in using financial statement information to understand and assess the district's economic condition.	S16 – S18

Rockwall Independent School District

Net Position by Component
Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental Activities				
Net investment in capital assets	\$ (9,843,204)	\$ (22,146,745)	\$ (50,600,171)	\$ (58,071,395)
Restricted	12,112,318	6,629,448	10,298,420	9,793,739
Unrestricted	<u>(44,842,744)</u>	<u>(56,342,202)</u>	<u>(38,407,402)</u>	<u>(29,532,596)</u>
Total Governmental Net Position	<u>\$ (42,573,630)</u>	<u>\$ (71,859,499)</u>	<u>\$ (78,709,153)</u>	<u>\$ (77,810,252)</u>
Business Type Activities				
Net investment in capital assets	\$ 342,818	\$ 341,709	\$ 336,470	\$ 303,684
Restricted	-	-	-	-
Unrestricted	<u>87,875</u>	<u>84,575</u>	<u>48,015</u>	<u>395,069</u>
Total Business Type Activities	<u>\$ 430,693</u>	<u>\$ 426,284</u>	<u>\$ 384,485</u>	<u>\$ 698,753</u>
Total Primary Government				
Net investment in capital assets	\$ (9,500,386)	\$ (21,805,036)	\$ (50,263,701)	\$ (57,767,711)
Restricted	12,112,318	6,629,448	10,298,420	9,793,739
Unrestricted	<u>(44,754,869)</u>	<u>(56,257,627)</u>	<u>(38,359,387)</u>	<u>(29,137,527)</u>
Total Primary Government	<u>\$ (42,142,937)</u>	<u>\$ (71,433,215)</u>	<u>\$ (78,324,668)</u>	<u>\$ (77,111,499)</u>

Source: The Statement of Net Position for Rockwall Independent School District

Exhibit S-1

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ (71,719,278)	\$ (81,744,687)	\$ (97,423,782)	\$ (68,634,811)	\$ (82,342,240)	\$ (104,924,165)
9,004,022	8,367,897	6,710,788	18,527,357	23,709,286	23,557,793
<u>(66,277,575)</u>	<u>(58,439,236)</u>	<u>(48,606,626)</u>	<u>(91,845,806)</u>	<u>(71,312,971)</u>	<u>(30,481,234)</u>
<u>\$ (128,992,831)</u>	<u>\$ (131,816,026)</u>	<u>\$ (139,319,620)</u>	<u>\$ (141,953,260)</u>	<u>\$ (129,945,925)</u>	<u>\$ (111,847,606)</u>
\$ 274,973	\$ 248,323	\$ 221,673	\$ 195,023	\$ 168,373	\$ 168,759
-	-	-	-	-	-
<u>673,328</u>	<u>818,802</u>	<u>808,814</u>	<u>888,136</u>	<u>870,039</u>	<u>789,995</u>
<u>\$ 948,301</u>	<u>\$ 1,067,125</u>	<u>\$ 1,030,487</u>	<u>\$ 1,083,159</u>	<u>\$ 1,038,412</u>	<u>\$ 958,754</u>
\$ (71,444,305)	\$ (81,496,364)	\$ (97,202,109)	\$ (68,439,788)	\$ (82,173,867)	\$ (104,755,406)
9,004,022	8,367,897	6,710,788	18,527,357	23,709,286	23,557,793
<u>(65,604,247)</u>	<u>(57,620,434)</u>	<u>(47,797,812)</u>	<u>(90,957,670)</u>	<u>(70,442,932)</u>	<u>(29,691,239)</u>
<u>\$ (128,044,530)</u>	<u>\$ (130,748,901)</u>	<u>\$ (138,289,133)</u>	<u>\$ (140,870,101)</u>	<u>\$ (128,907,513)</u>	<u>\$ (110,888,852)</u>

Rockwall Independent School District

Change in Net Position

Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenses				
Governmental activities:				
Instruction	\$ 77,702,515	\$ 79,192,286	\$ 88,676,101	\$ 90,046,691
Instructional resources and media services	3,244,541	3,224,971	2,680,267	2,874,252
Curriculum and staff development services	2,287,128	2,486,061	4,844,851	5,141,772
Instructional leadership	1,270,122	1,343,145	1,401,004	1,546,403
School leadership	6,711,312	6,802,363	7,495,998	8,151,606
Guidance, counseling, & evaluation services	4,588,083	4,727,900	5,594,877	5,524,173
Social work services	201,715	214,704	284,546	309,443
Health services	1,748,698	1,764,320	1,970,855	2,028,299
Student transportation	3,894,882	4,027,627	3,860,682	4,012,447
Food service	6,225,510	6,202,018	6,851,672	6,598,830
Extracurricular activities	8,978,902	9,498,917	9,770,851	10,328,331
General administration	3,343,939	3,610,599	4,094,058	4,105,074
Plant maintenance and operations	11,783,768	10,935,114	11,282,806	11,701,515
Security and monitoring services	1,306,536	1,394,242	1,310,266	1,353,645
Data processing services	2,532,153	2,644,750	2,502,355	2,358,619
Community services	225,245	174,601	178,985	158,817
Debt Service-Interest on long-term debt	18,481,558	28,204,035	16,180,585	20,286,770
Debt Service-Bond issuance cost and fees	181,206	1,174,418	1,788,861	793,515
Facilities acquisition/construction	10,337	697	64,321	24,827
Payments to fiscal agent/Member districts of SSA	16,875	14,070	10,675	10,500
Other intergovernmental charges	676,270	729,845	808,556	861,757
Total governmental activities expenses	<u>\$ 155,411,295</u>	<u>\$ 168,366,683</u>	<u>\$ 171,653,172</u>	<u>\$ 178,217,286</u>
Business-type activities:				
Sports marketing	\$ 96,542	\$ 83,950	\$ 78,137	\$ 93,672
ROCK after school program	796,512	787,298	850,736	1,009,279
Total business-type activities expenses	<u>\$ 893,054</u>	<u>\$ 871,248</u>	<u>\$ 928,873</u>	<u>\$ 1,102,951</u>
Total primary government expenses	<u>\$ 156,304,349</u>	<u>\$ 169,237,931</u>	<u>\$ 172,582,045</u>	<u>\$ 179,320,237</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction	\$ 1,417,173	\$ 1,439,325	\$ 1,587,130	\$ 1,476,383
Instructional resources and media services	101,306	58,124	91,875	88,160
School leadership	-	-	-	-
Guidance, counseling, & evaluation services	89,008	71,471	121,300	75,766
Health services	-	-	-	-
Food service	3,124,904	3,256,504	3,490,701	3,571,541
Extracurricular activities	1,717,539	1,876,387	1,894,080	1,976,250
General administration	-	-	-	-
Plant maintenance and operations	369,718	327,484	390,895	472,214
Community services	-	-	-	-
Payments to fiscal agent/Member districts of SSA	19,009	204,786	213,347	272,093
Operating grants and contributions	11,742,340	13,669,763	18,736,682	20,170,764
Capital grants and contributions	-	-	-	-
Total governmental activities revenues	<u>\$ 18,580,997</u>	<u>\$ 20,903,844</u>	<u>\$ 26,526,010</u>	<u>\$ 28,103,171</u>
Business-type activities:				
Charges for services:				
Sports marketing	\$ 194,536	\$ 195,030	\$ 200,736	\$ 224,645
ROCK after school program	966,794	1,071,809	1,376,338	1,542,574
Operating grants and contributions	-	-	-	-
Total business-type activities revenues	<u>\$ 1,161,330</u>	<u>\$ 1,266,839</u>	<u>\$ 1,577,074</u>	<u>\$ 1,767,219</u>
Total primary government revenues	<u>\$ 19,742,327</u>	<u>\$ 22,170,683</u>	<u>\$ 28,103,084</u>	<u>\$ 29,870,390</u>

	2018	2019	2020	2021	2022	2023
\$	65,749,750	\$ 104,671,459	\$ 115,233,902	\$ 112,786,648	\$ 111,136,997	\$ 117,068,778
	2,044,659	2,728,610	2,942,296	2,943,979	2,959,946	2,844,612
	3,111,212	4,880,358	5,199,215	5,306,457	5,731,664	5,588,646
	862,592	1,608,194	1,675,996	1,518,405	1,434,731	1,668,803
	5,462,115	9,351,608	10,048,791	9,953,368	9,496,099	10,045,999
	3,831,562	6,586,904	7,174,640	7,163,222	7,870,756	8,613,314
	247,534	336,844	379,523	368,686	344,973	256,140
	1,628,366	2,453,913	2,621,539	2,937,333	3,014,194	2,739,898
	4,304,754	6,081,847	6,139,932	6,216,349	6,772,142	8,100,673
	5,818,376	8,446,726	8,231,309	7,779,430	9,995,304	9,700,119
	10,140,062	12,121,460	12,707,493	12,259,535	12,869,998	14,871,378
	3,541,680	4,808,671	5,192,272	5,024,010	4,983,920	5,807,705
	11,532,875	13,256,624	13,510,457	16,163,409	16,378,726	17,445,079
	1,446,027	2,026,062	2,106,411	2,067,646	2,383,399	2,798,060
	2,149,542	2,737,805	3,355,035	3,376,780	3,346,870	3,737,522
	68,768	173,497	175,477	34,944	52,619	72,306
	21,918,457	23,504,464	24,200,402	17,963,597	19,766,741	28,541,920
	577,289	636,327	945,396	1,957,917	963,420	2,983,309
	7,240	2,716,289	452	-	-	-
	10,685	10,685	10,685	10,685	10,685	4,680
	969,650	988,400	1,173,117	1,457,451	1,543,542	1,598,026
\$	<u>145,423,195</u>	<u>\$ 210,126,747</u>	<u>\$ 223,024,340</u>	<u>\$ 217,289,851</u>	<u>\$ 221,056,726</u>	<u>\$ 244,486,967</u>
\$	93,672	\$ 78,994	\$ 76,268	\$ 94,930	\$ 128,479	\$ 111,366
	1,009,279	1,175,524	1,040,273	914,834	1,235,839	1,454,925
\$	<u>1,102,951</u>	<u>\$ 1,254,518</u>	<u>\$ 1,116,541</u>	<u>\$ 1,009,764</u>	<u>\$ 1,364,318</u>	<u>\$ 1,566,291</u>
\$	<u>146,526,146</u>	<u>\$ 211,381,265</u>	<u>\$ 224,140,881</u>	<u>\$ 218,299,615</u>	<u>\$ 222,421,044</u>	<u>\$ 246,053,258</u>
\$	1,460,547	\$ 1,713,627	\$ 1,476,803	\$ 1,396,117	\$ 2,324,421	\$ 4,078,052
	100,355	-	-	72,750	138,306	-
	-	-	-	-	-	-
	122,980	-	-	39,189	35,400	-
	-	-	-	-	-	-
	3,708,408	3,972,651	2,908,691	609,071	1,376,237	4,336,507
	2,102,485	686,820	754,436	1,256,692	1,999,804	870,796
	-	-	-	-	-	-
	435,344	600,672	495,007	190,889	419,831	506,717
	-	-	-	-	-	-
	245,312	-	-	-	-	-
	(2,577,669)	27,621,892	30,805,102	30,903,801	36,828,297	37,594,688
	-	-	-	-	-	-
\$	<u>5,597,762</u>	<u>\$ 34,595,662</u>	<u>\$ 36,440,039</u>	<u>\$ 34,468,509</u>	<u>\$ 43,122,296</u>	<u>\$ 47,386,760</u>
\$	207,905	\$ 214,259	\$ 180,167	\$ 118,725	\$ 195,645	\$ 217,469
	1,754,413	1,819,802	1,351,126	894,916	1,561,095	1,699,326
	47,361	39,281	48,610	48,795	62,831	69,838
\$	<u>2,009,679</u>	<u>\$ 2,073,342</u>	<u>\$ 1,579,903</u>	<u>\$ 1,062,436</u>	<u>\$ 1,819,571</u>	<u>\$ 1,986,633</u>
\$	<u>7,607,441</u>	<u>\$ 36,669,004</u>	<u>\$ 38,019,942</u>	<u>\$ 35,530,945</u>	<u>\$ 44,941,867</u>	<u>\$ 49,373,393</u>

Rockwall Independent School District

Change in Net Position

Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net (Expense)/Revenue				
Governmental activities	\$ (136,830,298)	\$ (147,462,839)	\$ (145,127,162)	\$ (150,114,115)
Business-type activities	268,276	395,591	648,201	664,268
Total primary government net expense	<u>\$ (136,562,022)</u>	<u>\$ (147,067,248)</u>	<u>\$ (144,478,961)</u>	<u>\$ (149,449,847)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	\$ 63,732,151	\$ 70,459,616	\$ 73,293,886	\$ 80,649,718
Property taxes levied for debt service	25,687,569	27,075,031	28,087,712	32,693,419
Unrestricted grants and contributions	37,915,078	35,432,517	35,265,553	33,757,591
Investment earnings	121,994	136,194	637,736	2,059,475
Miscellaneous	423,253	305,642	302,621	1,502,813
Transfers	400,000	400,000	690,000	350,000
Extraordinary item	-	-	-	-
Total governmental activities	<u>\$ 128,280,045</u>	<u>\$ 133,809,000</u>	<u>\$ 138,277,508</u>	<u>\$ 151,013,016</u>
Business-type activities:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Transfers	(400,000)	(400,000)	(690,000)	(350,000)
Total business-type activities	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ (690,000)</u>	<u>\$ (350,000)</u>
Total primary government	<u>\$ 127,880,045</u>	<u>\$ 133,409,000</u>	<u>\$ 137,587,508</u>	<u>\$ 150,663,016</u>
Change in Net Position				
Governmental activities	\$ (8,550,253)	\$ (13,653,839)	\$ (6,849,654)	\$ 898,901
Business-type activities	(131,724)	(4,409)	(41,799)	314,268
Prior period adjustments	-	(15,632,030)	-	-
Total primary government	<u>\$ (8,681,977)</u>	<u>\$ (29,290,278)</u>	<u>\$ (6,891,453)</u>	<u>\$ 1,213,169</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ (139,825,433)	\$ (175,531,085)	\$ 186,584,301	\$ 182,821,342	\$ (177,934,430)	\$ (197,100,207)
699,548	818,824	(463,362)	(52,672)	455,253	420,342
<u>\$ (139,125,885)</u>	<u>\$ (174,712,261)</u>	<u>\$ 186,120,939</u>	<u>\$ 182,768,670</u>	<u>\$ (177,479,177)</u>	<u>\$ (196,679,865)</u>
\$ 89,793,446	\$ 99,698,785	\$ 100,007,173	\$ 105,275,649	\$ 108,299,858	\$ 122,393,065
34,506,581	37,319,539	39,147,665	41,354,245	44,238,964	51,540,775
31,800,777	27,798,408	34,247,168	32,250,801	36,344,762	25,721,462
3,516,819	4,914,450	3,229,622	449,496	671,785	14,973,791
3,749,425	2,276,708	1,949,079	500,549	491,011	334,417
450,000	700,000	500,000	-	500,000	500,000
-	-	-	356,962	(604,615)	(264,984)
<u>\$ 163,817,048</u>	<u>\$ 172,707,890</u>	<u>\$ 179,080,707</u>	<u>\$ 180,187,702</u>	<u>\$ 189,941,765</u>	<u>\$ 215,198,526</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(450,000)	(700,000)	(500,000)	-	(500,000)	(500,000)
<u>\$ (450,000)</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>
<u>\$ 163,367,048</u>	<u>\$ 172,007,890</u>	<u>\$ 178,580,707</u>	<u>\$ 180,187,702</u>	<u>\$ 189,441,765</u>	<u>\$ 214,698,526</u>
\$ 23,991,615	\$ (2,823,195)	\$ (7,503,594)	\$ (2,633,640)	\$ 12,007,335	\$ 18,098,319
249,548	118,824	(36,638)	52,672	(44,747)	(79,658)
(75,174,194)	-	-	-	-	-
<u>\$ (50,933,031)</u>	<u>\$ (2,704,371)</u>	<u>\$ (7,540,232)</u>	<u>\$ (2,580,968)</u>	<u>\$ 11,962,588</u>	<u>\$ 18,018,661</u>

Rockwall Independent School District

Fund Balances Governmental Funds

Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 43,817	\$ 151,395	\$ 75,609	\$ 104,988
Assigned	-	-	-	1,105,086
Unassigned	44,101,148	43,631,288	42,310,037	47,403,403
Total general fund	<u>\$ 44,144,965</u>	<u>\$ 43,782,683</u>	<u>\$ 42,385,646</u>	<u>\$ 48,613,477</u>
All Other Governmental Funds				
Nonspendable	\$ 69,360	\$ 64,974	\$ 77,403	\$ 75,309
Restricted:				
Debt service	15,542,918	16,479,717	19,708,768	21,158,984
Capital projects	7,775,968	7,190,061	128,001,391	146,499,880
Grant funds	1,628,736	2,025,670	2,416,165	2,617,700
Committed	1,650,596	1,991,413	1,941,883	1,881,037
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 26,667,578</u>	<u>\$ 27,751,835</u>	<u>\$ 152,145,610</u>	<u>\$ 172,232,910</u>
Total governmental funds	<u>\$ 70,812,543</u>	<u>\$ 71,534,518</u>	<u>\$ 194,531,256</u>	<u>\$ 220,846,387</u>

Source: The Balance Sheet Governmental Funds for Rockwall Independent School District

Exhibit S-3

2018	2019	2020	2021	2022	2023
\$ 95,516	\$ 156,600	\$ 240,748	\$ 218,168	\$ 182,747	\$ 212,973
2,026,174	-	2,071,317	16,100,000	18,000,000	20,000,000
57,728,550	64,104,432	70,079,088	56,188,255	59,423,928	61,292,212
<u>\$ 59,850,240</u>	<u>\$ 64,261,032</u>	<u>\$ 72,391,153</u>	<u>\$ 72,506,423</u>	<u>\$ 77,606,675</u>	<u>\$ 81,505,185</u>
\$ 72,337	\$ 392,603	\$ 237,816	\$ 34,457	\$ 15,843	\$ 3,181
21,315,445	22,454,985	23,488,570	22,817,771	26,794,577	28,761,020
78,220,677	79,244,742	40,780,330	18,803,903	101,284,118	317,240,220
2,987,173	2,340,780	1,787,295	1,927,917	4,141,791	4,676,225
1,864,722	1,931,213	1,857,284	1,608,211	1,866,131	2,389,514
-	(82,942)	(13,257)	-	-	-
<u>\$ 104,460,354</u>	<u>\$ 106,281,381</u>	<u>\$ 68,138,038</u>	<u>\$ 45,192,259</u>	<u>\$ 134,102,460</u>	<u>\$ 353,070,160</u>
<u>\$ 164,310,594</u>	<u>\$ 170,542,413</u>	<u>\$ 140,529,191</u>	<u>\$ 117,698,682</u>	<u>\$ 211,709,135</u>	<u>\$ 434,575,345</u>

Rockwall Independent School District

Governmental Funds – Revenues

Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Federal sources:				
Federal grants	\$ 3,893,869	\$ 3,970,128	\$ 4,292,186	\$ 4,415,336
Food service	2,491,514	2,456,549	2,692,735	2,829,538
Total federal sources	<u>\$ 6,385,383</u>	<u>\$ 6,426,677</u>	<u>\$ 6,984,921</u>	<u>\$ 7,244,874</u>
State sources:				
State grants and other	\$ 42,846,908	\$ 42,328,869	\$ 43,006,853	\$ 40,367,195
Food service	27,408	27,168	28,285	28,484
Debt service	-	-	628,696	610,386
Capital projects	-	-	-	-
Total state sources	<u>\$ 42,874,316</u>	<u>\$ 42,356,037</u>	<u>\$ 43,663,834</u>	<u>\$ 41,006,065</u>
Local sources:				
Local & intermediate sources	\$ 68,440,430	\$ 75,157,558	\$ 78,001,174	\$ 86,241,500
Food service	3,126,693	3,259,280	3,536,402	3,593,073
Debt service	25,810,097	27,130,748	28,129,502	33,186,620
Capital projects	9,345	15,536	281,244	1,220,505
Total local sources	<u>\$ 97,386,565</u>	<u>\$ 105,563,122</u>	<u>\$ 109,948,322</u>	<u>\$ 124,241,698</u>
Total revenues	<u>\$ 146,646,264</u>	<u>\$ 154,345,836</u>	<u>\$ 160,597,077</u>	<u>\$ 172,492,637</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

Exhibit S-4

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 4,294,503	\$ 5,322,849	\$ 6,006,568	\$ 7,633,665	\$ 15,836,262	\$ 13,581,729
2,818,087	3,033,117	2,754,122	4,105,583	9,665,353	4,498,559
<u>\$ 7,112,590</u>	<u>\$ 8,355,966</u>	<u>\$ 8,760,690</u>	<u>\$ 11,739,248</u>	<u>\$ 25,501,615</u>	<u>\$ 18,080,288</u>
\$ 39,873,691	\$ 34,902,470	\$ 44,332,588	\$ 41,637,037	\$ 45,042,903	\$ 35,434,252
347	59,920	81,767	205,112	206,528	150,266
595,879	614,926	581,376	534,986	471,656	1,544,184
13,581.00	8,423	13,412	13,856	18,531	23,945
<u>\$ 40,483,498</u>	<u>\$ 35,585,739</u>	<u>\$ 45,009,143</u>	<u>\$ 42,390,991</u>	<u>\$ 45,739,618</u>	<u>\$ 37,152,647</u>
\$ 96,287,809	\$ 106,628,458	\$ 106,165,617	\$ 109,150,288	\$ 114,172,935	\$ 131,446,791
3,779,589	4,029,359	2,979,081	625,053	1,394,495	4,526,361
35,178,283	38,141,199	39,712,331	41,496,137	44,349,215	53,020,289
1,827,366	2,301,719	1,225,450	237,769	252,152	9,481,415
<u>\$ 137,073,047</u>	<u>\$ 151,100,735</u>	<u>\$ 150,082,479</u>	<u>\$ 151,509,247</u>	<u>\$ 160,168,797</u>	<u>\$ 198,474,856</u>
<u>\$ 184,669,135</u>	<u>\$ 195,042,440</u>	<u>\$ 203,852,312</u>	<u>\$ 205,639,486</u>	<u>\$ 231,410,030</u>	<u>\$ 253,707,791</u>

Rockwall Independent School District

Governmental Funds – Expenditures and Debt Service Ratio

Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Expenditures:				
Instruction & instruction-related services	\$ 73,552,037	\$ 76,364,214	\$ 83,321,198	\$ 84,285,956
Instructional & school leadership	7,781,038	8,082,268	8,358,646	8,795,655
Support services-Student	20,121,235	20,412,485	22,875,326	22,784,840
Administrative support services	3,302,817	3,642,972	3,985,426	3,849,717
Support services-Nonstudent	15,219,570	15,129,770	14,813,449	15,815,529
Ancillary services	225,281	179,798	166,822	155,894
Debt service-Principal on long-term debt	10,869,998	11,030,000	5,224,345	8,173,739
Debt service-Interest on long-term debt	15,723,826	14,982,666	20,124,784	23,964,241
Debt service-Bond issuance costs and fees	181,206	1,174,418	1,788,861	793,515
Facilities acquisition & construction	2,832,712	1,549,531	3,431,394	53,728,052
Intergovernmental charges	693,145	743,915	819,231	872,257
Total expenditures	<u>\$ 150,502,865</u>	<u>\$ 153,292,037</u>	<u>\$ 164,909,482</u>	<u>\$ 223,219,395</u>
Capital Expenditures	\$ 18,277,937	\$ 3,324,443	\$ 2,211,185	\$ 4,653,579
Debt service as a percentage of noncapital expenditures	20.1%	17.3%	15.6%	14.7%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

Exhibit S-5

	2018	2019	2020	2021	2022	2023
\$	92,851,022	\$ 95,708,536	\$ 96,384,729	\$ 100,250,260	\$ 106,033,448	\$ 106,959,728
	8,650,331	9,613,529	9,810,094	10,282,138	10,731,900	10,951,681
	26,045,410	27,066,897	25,457,192	28,149,794	32,870,624	37,903,994
	4,118,901	4,350,570	4,611,778	4,666,837	5,026,884	5,725,172
	17,238,592	19,208,426	22,117,168	24,997,685	25,081,846	32,430,111
	149,566	162,278	164,734	38,954	52,619	72,306
	6,856,296	7,630,810	7,914,757	9,882,285	9,460,134	16,993,569
	27,600,263	29,778,861	31,146,789	32,622,604	31,187,683	35,408,876
	1,577,289	636,327	945,396	1,957,917	963,420	2,983,309
	59,421,542	37,068,426	35,375,915	36,414,205	8,099,348	97,845,485
	980,335	999,085	1,183,802	1,468,136	1,554,227	1,602,706
\$	245,489,547	\$ 232,223,745	\$ 235,112,354	\$ 250,730,815	\$ 231,062,133	\$ 348,876,937
\$	58,243,437	\$ 47,563,258	\$ 42,576,142	\$ 45,224,874	\$ 14,378,339	\$ 113,468,400
	18.4%	20.3%	20.3%	20.7%	18.8%	22.3%

Rockwall Independent School District

Governmental Funds – Other Financing Sources and Uses and Net Change in Fund Balances
Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Excess of revenues over (under) expenditures	\$ (3,856,601)	\$ 1,053,799	\$ (4,312,405)	\$ (50,726,758)
Other financing sources (uses)				
Capital-related debt issued (Regular bonds)	-	-	107,960,000	69,555,000
Capital-related debt issued (Refunding bonds)	-	89,568,204	32,193,467	-
Sale of real or personal property	166,743	-	8,000	-
Transfers in	820,838	545,858	1,017,000	777,000
Premium or discount on issuance of bonds	-	29,538,170	73,910,181	6,031,803
Insurance recoveries	691,529	-	-	1,105,086
Other resources	-	-	-	-
Transfers out	(420,838)	(145,858)	(327,000)	(427,000)
Payments to refunded bond escrow agents	-	(118,113,239)	(87,452,505)	-
	<u>\$ 1,258,272</u>	<u>\$ 1,393,135</u>	<u>\$ 127,309,143</u>	<u>\$ 77,041,889</u>
Total other financing sources (uses)				
	<u>\$ 1,258,272</u>	<u>\$ 1,393,135</u>	<u>\$ 127,309,143</u>	<u>\$ 77,041,889</u>
Extraordinary item source (use)	\$ -	\$ -	\$ -	\$ -
Prior Period Adjustment	-	(1,724,959)	-	-
	<u>\$ -</u>	<u>\$ (1,724,959)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (2,598,329)</u>	<u>\$ 721,975</u>	<u>\$ 122,996,738</u>	<u>\$ 26,315,131</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds
for Rockwall Independent School District

Exhibit S-6

2018	2019	2020	2021	2022	2023
\$ (60,820,412)	\$ (37,181,305)	\$ (31,260,042)	\$ (45,091,329)	\$ 347,897	\$ (95,169,146)
-	42,605,000	-	16,985,000	82,295,000	301,035,000
37,300,000	-	81,569,977	163,789,812	-	13,090,000
17,946	-	-	122,974	-	-
960,798	1,025,000	928,000	974,148	1,593,192	740,000
6,890,285	2,824,413	6,236,496	35,033,401	11,472,171	17,939,115
3,238,826	-	-	-	-	-
-	-	-	-	-	-
(349,098)	(325,000)	(428,000)	(974,148)	(1,093,192)	(240,000)
(43,774,138)	-	(87,059,653)	(194,027,329)	-	(14,263,775)
<u>\$ 4,284,619</u>	<u>\$ 46,129,413</u>	<u>\$ 1,246,820</u>	<u>\$ 21,903,858</u>	<u>\$ 94,267,171</u>	<u>\$ 318,300,340</u>
\$ -	\$ (2,716,289)	\$ -	\$ 356,962	\$ (604,615)	\$ (264,984)
-	-	-	-	-	-
<u>\$ (56,535,793)</u>	<u>\$ 6,231,819</u>	<u>\$ (30,013,222)</u>	<u>\$ (22,830,509)</u>	<u>\$ 94,010,453</u>	<u>\$ 222,866,210</u>

Rockwall Independent School District

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Exhibit S-7

Fiscal Year	Actual Value						Total Assessed Value	Total District Rate ¹
	Residential Property	Rural Acreage	Commercial & Industrial Property	Personal Property	Less: Exemptions			
2014	5,603,556,270	268,302,006	1,099,946,944	496,375,802	494,922,973	6,973,258,049	1.460	
2015	6,144,345,132	279,373,579	1,307,608,819	563,984,541	538,498,734	7,756,813,337	1.440	
2016	6,863,905,015	291,273,716	1,310,240,781	518,112,283	746,506,730	8,237,025,065	1.440	
2017	7,750,555,890	291,428,149	1,402,117,931	578,178,886	985,253,301	9,037,027,555	1.465	
2018	8,867,036,664	333,548,372	1,467,043,510	693,889,006	1,253,079,794	10,108,437,758	1.440	
2019	9,826,995,523	336,533,198	1,579,065,284	662,199,355	1,232,889,477	11,171,903,883	1.430	
2020	10,472,436,628	349,711,035	1,690,288,956	729,504,546	1,239,450,426	12,002,490,739	1.350	
2021	11,317,470,413	357,309,871	1,880,916,013	799,328,232	1,300,444,306	13,054,580,223	1.310	
2022	12,258,473,011	340,013,396	1,932,879,411	819,527,362	1,402,160,890	13,948,732,290	1.274	
2023	16,618,236,227	428,292,994	2,277,334,549	902,370,780	3,573,220,736	16,653,013,814	1.215	

Source: Comptroller of Public Accounts-School District Summary Worksheet

Notes:

¹ Per \$100 of assessed value.



Rockwall

INDEPENDENT SCHOOL DISTRICT

Rockwall Independent School District
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years (Unaudited)

Fiscal Year	District Direct Rates			Overlapping Rates ¹			
	Maintenance and Operations	Debt Service	Total	City of Rockwall	Rockwall County	Collin County	Kaufman County
2014	1.040	0.420	1.460	0.496	0.396	0.235	0.557
2015	1.040	0.400	1.440	0.485	0.396	0.225	0.576
2016	1.040	0.400	1.440	0.454	0.376	0.208	0.060
2017	1.040	0.425	1.465	0.424	0.350	0.192	0.589
2018	1.040	0.400	1.440	0.424	0.350	0.193	0.589
2019	1.040	0.390	1.430	0.402	0.328	0.181	0.479
2020	0.970	0.380	1.350	0.388	0.325	0.175	0.439
2021	0.940	0.370	1.310	0.370	0.313	0.173	0.505
2022	0.904	0.370	1.274	0.350	0.313	0.168	0.380
2023	0.855	0.360	1.215	0.293	0.293	0.149	0.346

Source: Texas State Comptroller's Office and appropriate governmental entities' Tax Departments

Notes:

¹ Includes levies for operating and debt service costs.

Overlapping Rates ¹

City of Fate	City of Heath	City of McLendon-Chisholm	City of Rowlett	City of Wylie	City of Dallas	Rockwall County MUD #1
0.307	0.427	0.097	0.787	0.879	0.797	0.600
0.307	0.427	0.184	0.787	0.869	0.797	0.550
0.291	0.417	0.152	0.787	0.849	0.783	0.500
0.291	0.417	0.150	0.787	0.781	0.780	0.500
0.291	0.417	0.150	0.777	0.781	0.780	0.450
0.291	0.389	0.150	0.757	0.726	0.777	0.390
0.281	0.379	0.150	0.757	0.688	0.777	0.340
0.273	0.377	0.150	0.745	0.672	0.776	0.295
0.340	0.339	0.185	0.745	0.644	0.773	0.270
0.294	0.291	0.107	0.681	0.562	0.746	0.220

Rockwall Independent School District
Principal Property Taxpayers
Last Ten Fiscal Years (Unaudited)

Exhibit S-9

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ¹	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ²
Oncor Electric Delivery Company	\$ 78,244,300	1	0.5%	\$ 47,522,520	2	0.7%
Terra Lago Apartments, LLC	57,629,435	2	0.3%	-		
Star Hubbard LLC	57,386,230	3	0.3%	-		
Excel Rockwall, LLC	56,000,000	4	0.3%	54,672,420	1	0.8%
SWBC RW2, LP	48,158,810	5	0.3%	-		
Rockwall Regional Hospital LLP	43,744,660	6	0.3%	31,535,610	4	0.5%
Capital Boulevard Venture LLC	38,346,750	7	0.2%	-		
Sapphire Bay Land Holdings LLC	37,212,580	8	0.2%	-		
Rockwall Crossing, LTD	36,436,040	9	0.2%	29,883,620	6	0.4%
Rockwall Dunhill, LLC	34,339,320	10	0.2%	-		
Western Rim Investors 2008 2 LP	-			45,812,720	3	0.7%
Bella Harbor Hotel Venture LLC	-			30,962,514	5	0.4%
Continental Pet Technology	-			25,802,292	7	0.4%
Lake Pointe Medical Center	-			25,398,550	8	0.4%
CRP/Arrow Rockwall LLC	-			23,482,240	9	0.3%
Walmart Real Estate	-			22,915,510	10	0.3%
	<u>\$ 487,498,125</u>		<u>2.9%</u>	<u>\$ 337,987,996</u>		<u>4.8%</u>

Source: Rockwall Central Appraisal District

Notes:

¹ Total appraised taxable value for 2023 = \$16,653,013,814

² Total appraised taxable value for 2014 = \$6,973,258,049

Rockwall Independent School District
 Property Tax Levies and Collections
 Last Ten Fiscal Years (Unaudited)

Exhibit S-10

Fiscal Year	Taxes Levied ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date ²	
		Amount	Percentage of Levy		Amount	Percentage of Total Collections to Tax Levy
2014	88,736,003	88,400,091	99.62%	69,757	88,469,848	99.70%
2015	96,868,624	96,479,610	99.60%	17	96,479,627	99.60%
2016	100,657,685	99,101,569	98.45%	51,740	99,153,309	98.51%
2017	112,771,125	111,064,117	98.49%	40,814	111,104,931	98.52%
2018	123,576,662	122,108,305	98.81%	88,969	122,197,274	98.88%
2019	135,743,327	133,889,948	98.63%	124,002	134,013,950	98.73%
2020	137,975,005	136,184,718	98.70%	64,337	136,249,055	98.75%
2021	145,663,540	144,016,336	98.87%	64,766	144,081,102	98.91%
2022	151,511,841	149,806,580	98.87%	195,446	150,002,026	99.00%
2023	173,179,987	171,022,584	98.75%	125,115	171,147,699	98.83%

Source: Rockwall Central Appraisal District

Notes:

¹ The tax levy reflects the original levy, net of any supplements occurring during the year.

² Total collections, net of penalties and interest and other judgements, may result in collections that exceed 100% of original levy.

Rockwall Independent School District
 Outstanding Debt by Type
 Last Ten Fiscal Years (Unaudited)

Exhibit S-11

Governmental Activities

Fiscal Year	General Obligation Bonds	Loans Payable	Total Primary Government	Resources Restricted for Debt Service	Net Bonded Debt Outstanding	Ratio of Debt to Assessed Value ²	Debt per ADA ³	Per Capita ⁴	Percentage of Personal Income ⁴
2014	424,353,183	-	424,353,183	10,483,582	413,869,601	5.94%	28,297	6,160	16.22%
2015	431,284,120	-	431,284,120	4,603,778	426,680,342	5.50%	28,461	6,192	16.49%
2016	547,581,172	-	547,581,172	7,882,255	539,698,917	6.55%	34,905	7,597	19.50%
2017	608,932,139	-	608,932,139	7,176,039	601,756,100	6.66%	38,021	8,284	21.36%
2018	594,680,236	-	594,680,236	6,016,849	588,663,387	5.82%	36,125	7,927	19.83%
2019	623,506,456	-	623,506,456	6,027,117	617,479,339	5.53%	37,227	8,169	19.77%
2020	605,275,422	-	605,275,422	4,923,493	600,351,929	5.00%	35,300	7,806	18.21%
2021	614,914,400	-	614,914,400	3,429,574	611,484,826	4.68%	35,997	7,771	17.56%
2022	685,450,323	-	685,450,323	19,567,495	665,882,828	4.77%	37,146	7,257	11.17%
2023	972,855,932	-	972,855,932	18,881,568	953,974,364	5.73%	51,892	8,473	11.96%

Notes:

- ¹ Details of the District's outstanding debt can be found in the notes to the financial statements.
- ² Refer to Exhibit S-7 for assessed value data.
- ³ Refer to Exhibit S-17 for student enrollment data.
- ⁴ Refer to Exhibit S-14 for Per Capita personal income information.

Rockwall Independent School District
 Direct and Overlapping Governmental Activities Debt
 Last Ten Fiscal Years (Unaudited)

Exhibit S-12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Direct and Overlapping Debt
City of Rockwall	\$ 47,678,497	99.98%	\$ 47,668,961
Rockwall County	137,325,000	83.23%	114,295,598
Collin County	478,430,000	0.00%	-
Collin County CCD	498,565,000	0.00%	-
Kaufman County	180,050,000	1.95%	3,510,975
Kaufman County MUD #6	61,799,036	0.35%	216,297
Kaufman County MUD #7	38,295,841	63.18%	24,195,312
City of Fate	20,890,720	52.50%	10,967,628
City of Heath	35,430,000	100.00%	35,430,000
City of McLendon-Chisholm	1,180,000	100.00%	1,180,000
City of Rowlett	95,185,000	12.75%	12,136,088
City of Garland	301,540,000	0.00%	-
City of Dallas	1,800,265,416	0.00%	-
City of Wylie	59,206,492	1.48%	876,256
Rockwall County MUD #1	8,184,773	59.79%	4,893,676
Rockwall County MUD #8	17,130,000	68.31%	11,701,503
Rockwall County MUD #9	24,280,000	0.25%	60,700
Subtotal, overlapping bonded debt			\$ 267,132,994
Rockwall Independent School District debt outstanding			\$ 972,855,932
Total direct and overlapping debt			\$ 1,239,988,926
Ratio of (net) general bonded debt to the estimated actual property value			5.84%

Source: The Municipal Advisory of Texas (Texas MAC)

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Rockwall Independent School District

Demographic and Economic Statistics

Last Ten Fiscal Years (Unaudited)

Exhibit S-13

Period Ending	Population ¹	Personal Income ² (thousands of dollars)	Per Capita Personal Income (dollars)	Unemployment Rate ³
2014	67,186	2,551,412	37,975	4.90%
2015	68,911	2,587,159	37,543	4.10%
2016	71,041	2,767,682	38,959	3.90%
2017	72,641	2,817,729	38,790	3.70%
2018	74,260	2,969,265	39,985	3.50%
2019	75,584	3,123,252	41,322	3.20%
2020	76,907	3,297,288	42,874	7.30%
2021	78,689	3,482,763	44,260	5.40%
2022	93,287	6,058,338	64,943	3.40%
2023	112,591	7,975,158	70,833	2.80%

Sources:¹ Information obtained from the NTCOG² Information obtained from the Bureau of Economic Analysis³ Unemployment rate obtained from the Bureau of Labor and Statistics

Rockwall Independent School District
Principal Employers
Last Ten Fiscal Years (Unaudited)

Exhibit S-14

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rockwall ISD	1,944	1	3.17%	1,556	1	3.58%
Lake Pointe Hospital	750	2	1.22%	700	2	1.61%
L-3 Communications	700	3	1.14%			
Texas Health Presbyterian Hospital	700	4	1.14%	592	3	1.36%
Pegasus Foods	700	5	1.14%			
Walmart Superstore	450	6	0.73%			
Channell Commercial	380	7	0.62%	299	5	0.69%
Rockwall County	364	8	0.59%	266	7	0.61%
City of Rockwall	353	9	0.58%	450	4	1.04%
Texas Star Express/Epes Transport	275	10	0.45%	275	6	0.63%
Special Products & Manufacturing				205	8	0.47%
Target				200	9	0.46%
Rockwall Nursing Home				160	10	0.37%
Total	6,616		10.78%	4,703		10.82%

Sources:

Bureau of Labor Statistics - FRED Economic Data provided total labor force numbers - 2023 (61,317); 2014 (43,428)
Rockwall County ACFR - Primary Employers

Note:

¹ Information not available.

Rockwall Independent School District
 Full-Time-Equivalent District Employees by Type
 Last Ten Fiscal Years (Unaudited)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Teachers	902.3	919.3	942.3
Professional Support			
Corrective Therapist	2.0	2.0	4.0
Counselor	30.0	31.8	21.3
Educational Diagnostician	13.0	13.0	13.0
Librarian	18.0	18.0	17.1
Occupational Therapist	4.6	4.6	5.1
Certified Orientation & Mobility Specialist	3.0	3.0	3.0
Physical Therapist	1.9	1.9	1.0
Recreational Therapist	1.0	1.0	1.0
School Nurse	18.0	18.0	18.0
LSSP/Psychologist	4.0	5.0	2.0
Social Worker		1.0	1.0
Speech Therapist/Speech-Language Pathologist	17.2	17.9	17.1
Truant Officer/Visiting Teacher			
Teacher Facilitator	4.3	4.3	2.9
Department Head	12.7	13.3	11.8
Athletic Trainer	2.0	2.5	2.9
Other Campus Professional Personnel	17.0	19.0	20.3
Other Non-Campus Professional Personnel	33.6	33.9	56.0
Total Professional Support	<u>182.3</u>	<u>190.2</u>	<u>197.5</u>
Campus Administration			
Assistant Principal	29.1	24.0	28.0
District Instructional Program Director or Executive Director	1.0	1.0	0.0
Principal	18.0	18.0	19.0
Athletic Director	1.0	1.8	1.0
Total Campus Administration	<u>49.1</u>	<u>44.8</u>	<u>48.0</u>
Central Administration			
Assistant/Assoc/Deputy Superintendent	3.0	5.0	3.9
District Instructional Program Director or Executive Director	20.3	22.0	7.0
Superintendent/Chief Administrative Officer/ CEO/President	1.0	1.0	1.0
Athletic Director	1.0	1.0	1.0
Business Manager	1.0	1.0	
Director of Personnel/HR	2.0	2.0	1.0
Total Central Administration	<u>28.3</u>	<u>32.0</u>	<u>13.9</u>
Other District Professional Support	0.0	0.0	0.0
Educational Aides	80.1	69.7	129.7
Auxiliary Staff	280.2	290.5	311.3
Total All Full-Time Equivalent Employees	<u>1,522.3</u>	<u>1,546.5</u>	<u>1,642.7</u>

Source: Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
957.7	971.8	1,013.9	1,014.8	1043.2	1,079.9	1,130.2
4.0	3.4	4.0	3.0	2.5	3.0	3.5
32.5	33.5	34.5	34.1	35.1	38.2	40.5
16.0	15.2	17.0	16.0	17	19.0	15.0
17.1	15.4	14.7	16.0	19	19.6	20.0
5.5	5.5	5.5	6.0	6	7.0	7.0
3.0	2.0	2.0	3.0	4	2.0	1.0
1.0	2.0	2.0	2.0	2	2.0	2.0
1.0	1.0	0.0	1.0	1	1.0	1.0
17.8	19.5	20.5	21.0	24.9	26.6	24.6
4.0	5.6	5.6	5.0	5.5	5.0	5.0
1.0	1.0	1.0	1.0	1	1.0	1.0
16.3	18.1	19.0	18.5	20.5	22.5	22.5
3.0	34.0	32.4	33.9	38.9	33.7	34.7
16.4	7.8	9.5	11.2	10.4	10.1	10.1
3.9	2.7	2.3	2.0	2	3.8	4.5
32.1	0.0	8.0	7.5	11	21.4	23.0
58.2	0.0	40.5	44.0	44	50.0	49.0
<u>232.8</u>	<u>166.7</u>	<u>218.5</u>	<u>225.2</u>	<u>244.8</u>	<u>265.9</u>	<u>264.4</u>
26.0	29.0	32.2	33.0	34.2	33.8	37.3
0.0	0.0	0.0	0.0	0	0.0	0.0
18.4	20.0	21.0	21.0	22	21.8	22.0
0.0	1.0	1.0	1.7	1.5	1.5	0.7
<u>44.4</u>	<u>50.0</u>	<u>54.2</u>	<u>55.7</u>	<u>57.7</u>	<u>57.1</u>	<u>60.0</u>
4.0	6.0	5.0	8.0	7	6.0	5.0
5.0	4.0	8.0	7.0	8	9.0	10.0
1.0	1.0	1.0	1.0	1	1.0	1.0
1.0	1.0	1.0	1.0	1	1.0	1.0
0.0	1.0	1.0	1.0	1	2.0	3.0
1.0	2.0	1.0	1.0	1	1.0	1.0
<u>12.0</u>	<u>15.0</u>	<u>17.0</u>	<u>19.0</u>	<u>19.0</u>	<u>20.0</u>	<u>21.0</u>
0.0	42.4	0.0	0.0	0.0	0.0	0.0
140.2	147.5	154.9	154.9	163.5	176.5	199.2
429.8	446.0	462.2	452.8	456.4	472.6	467.8
<u>1,816.9</u>	<u>1,839.4</u>	<u>1,920.7</u>	<u>1,922.4</u>	<u>1,984.6</u>	<u>2,072.0</u>	<u>2,142.6</u>

Rockwall Independent School District

Operating Statistics
Last Ten Fiscal Years (Unaudited)

Exhibit S-16

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2014	14,626	108,518,467	7,420	3.17 %	919.3	15.9	25.0%
2015	14,992	112,304,132	7,491	0.96 %	942.3	15.9	24.8%
2016	15,462	118,503,730	7,664	2.31 %	957.7	16.1	24.6%
2017	15,827	118,941,863	7,515	(1.94)%	971.8	16.3	24.2%
2018	16,295	122,957,397	7,546	0.41 %	1,013.9	16.1	24.2%
2019	16,587	132,252,608	7,973	5.67 %	1,014.8	16.3	24.2%
2020	17,007	140,576,661	8,266	3.67 %	1,043.2	16.3	25.7%
2021	16,987	147,807,730	8,701	5.27 %	1,079.9	15.7	24.2%
2022	17,926	155,461,673	8,672	(0.33)%	1,079.9	16.6	18.1%
2023	18,384	161,271,450	8,772	1.15 %	1,130.2	16.3	27.6%

Source: PEIMS, TSDS, AEIS, and District records

Rockwall Independent School District

Teacher Base Salaries

Last Ten Fiscal Years (Unaudited)

Exhibit S-17

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>District Average Salary</u>	<u>Statewide Average Salary</u>
2014	46,700	65,381	51,437	49,692
2015	47,540	66,555	52,433	50,715
2016	49,000	71,197	54,004	51,891
2017	50,000	71,769	54,379	52,525
2018	50,900	73,521	55,394	53,334
2019	51,800	74,785	56,344	54,122
2020	52,700	76,885	58,065	57,091
2021	53,500	76,885	57,349	57,641
2022	54,400	78,085	58,333	58,887
2023	56,000	80,535	59,568	- ¹

Source: TEA reports and District records

Notes:

¹ Information not available.

Rockwall Independent School District

School Building Information

Last Ten Fiscal Years (Unaudited)

Schools	2014	2015	2016	2017
Elementary				
Buildings	13	13	13	13
Square feet	984,882	984,882	984,882	984,882
Enrollment	7,458	7,639	7,908	7,981
Middle				
Buildings	3	3	3	3
Square feet	492,352	492,352	492,352	492,352
Enrollment	2,380	2,427	2,429	2,529
High				
Buildings	2	2	2	2
Square feet	900,966	900,966	900,966	900,966
Enrollment	4,406	4,568	4,736	4,918
Early Childhood Schools				
Buildings	1	1	1	1
Square feet	10,680	10,680	10,680	10,680
Enrollment	382	358	389	394
Total Schools				
Buildings	19	19	19	19
Square feet	2,388,880	2,388,880	2,388,880	2,388,880
Enrollment	14,626	14,992	15,462	15,822
Other RISD Facilities:				
Other Educational Facilities				
Buildings	3	3	3	3
Square feet	55,603	55,603	55,603	55,603
Administrative				
Buildings	1	1	1	1
Square feet	94,132	94,132	94,132	94,132
Facilities Services				
Buildings	3	3	3	3
Square feet	42,790	42,790	42,790	42,790
Athletics				
Stadiums	2	2	2	5
Aquatic Center	1	1	1	1
Running tracks	5	5	5	5
Tennis Courts	3	3	3	3
Softball Fields	2	2	2	2
Baseball Fields	2	2	2	2
Indoor Athletic Fields	2	2	2	2

Source: PEIMS, AEIS, and District records

2018	2019	2020	2021	2022	2023
14	14	14	15	16	16
1,076,882	1,174,125	1,207,249	1,299,241	1,391,234	1,391,234
8,151	8,250	8,735	8,554	9,231	9,559
3	3	3	3	3	3
492,352	492,352	492,352	492,352	492,352	492,352
2,678	2,716	2,784	2,751	2,764	2,873
2	3	3	3	3	3
900,966	1,052,426	1,052,426	1,052,426	1,052,426	1,052,426
5,058	5,209	5,353	5,546	5,797	5,808
1	1	1	1	1	1
10,680	10,680	10,680	10,680	10,680	10,680
408	412	135	136	134	144
19	21	21	22	23	23
2,480,880	2,729,583	2,762,707	2,854,699	2,946,692	2,946,692
16,295	16,587	16,587	16,987	17,926	18,384
3	3	3	3	3	3
55,603	55,603	55,603	55,603	55,603	55,603
1	1	1	1	1	1
94,132	94,132	94,132	94,132	94,132	94,132
3	3	3	3	3	3
42,790	42,790	42,790	42,790	42,790	42,790
5	5	5	5	5	5
1	1	1	1	1	1
5	5	5	5	5	5
5	5	5	5	5	5
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2



Rockwall

INDEPENDENT SCHOOL DISTRICT

Overall Compliance and Internal Controls Section



Rockwall

INDEPENDENT SCHOOL DISTRICT

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

To the Board of Trustees
Rockwall Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2023.

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) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

CPAs AND ADVISORS | WEAVER.COM

To the Board of Trustees
Rockwall Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Trustees
Rockwall Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rockwall Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
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To the Board of Trustees
Rockwall Independent School District

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Trustees
Rockwall Independent School District

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 7, 2023

Rockwall Independent School District
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2023

Section I. Summary of Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified that are not considered a material weakness? None Reported
- c. Noncompliance material to financial statements noted? No

Federal Awards

- d. Internal control over major programs:
 - Material weakness(es) identified? No
 - Significant deficiency(ies) identified that are not considered a material weakness? None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? No
- g. Identification of major federal programs:

<u>Program Title</u>	<u>Assistance Listing Numbers</u>
COVID-19 ESSER II – CRRSA	84.425D
COVID-19 ESSER III – ARP	84.425U
COVID-19 ESSER III – ARP Supplemental	84.425U
ESEA Title I, Part A- Improving Basic Programs	84.010A
- h. The dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- i. Auditee qualified as a low-risk auditee? Yes

Rockwall Independent School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section 2. Financial Statement Findings:

None

Section 3. Federal Awards Findings:

None

Section 4. Prior Year Findings and Questioned Costs:

None

Rockwall Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Exhibit K-1

(1) Federal Grantor Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Education Service Center, Region X: Head Start	93.600	06CH010655	\$ 249,774
Total passed through Education Service Center, Region X			249,774
Direct Program: Medicaid Cluster: Medicare Administrative Claiming (MAC)	93.778	199-901	46,796
Total Medicaid Cluster			46,796
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			296,570
U.S. DEPARTMENT OF EDUCATION			
Passed through Texas Department of Education: ESEA Title I, Part A- Improving Basic Programs *	84.010A	23610101199901	1,137,588
Special Education Cluster (IDEA): IDEA- Part B, Formula IDEA- Part B, Formula - ARP IDEA- Part B, Preschool High Cost Fund	84.027A 84.027A 84.173A 84.027A	236600011999016600 225350021999015350 236610011999016610 66002306	2,636,352 532,025 18,621 19,188
Total Special Education Cluster			3,206,186
Carl D. Perkins Basic Formula Grant CTE Perkins Reserve	84.048A 84.048A	23420006199901 224200287110005	130,914 65,707
Total Assistance Listing 84.048A			196,621
ESEA Title III, Part A, LEP	84.365A	23671001057950	143,316
ESEA Title II, Part A, Teacher Principal Training	84.367	23694501199901	429,289
COVID-19 ESSER II - CRRSA COVID-19 ESSER III - ARP COVID-19 ESSER III - ARP (Supplemental)	84.425D 84.425U 84.425U	21521001199901 21528001199901 21528043199901	1,685,335 3,208,222 1,500,631
Total Assistance Listing 84.425D/84.425U *			6,394,188
Title IV, Part A, Subpart 1	84.424A	23680101199901	54,108
LEP Summer School	84.369A	69552202	20,466
Total passed through Texas Department of Education			11,581,762
TOTAL U.S. DEPARTMENT OF EDUCATION			11,581,762
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster: Passed through Texas Department of Agriculture: Commodity Supplemental Food Program - Noncash assistance Passed through Texas Department of Education: National School Breakfast Program National School Lunch Program Summer Food Service Program	10.555 10.553 10.555 10.559	199002A 71402301 71302301 71300701	472,739 643,440 3,364,522 17,858
Total Child Nutrition Cluster			4,498,559
TOTAL U.S. DEPARTMENT OF AGRICULTURE			4,498,559
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,376,891

* Denotes Major Federal Program

Rockwall Independent School District

Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

1. The District utilizes the funds specified in the Texas Education Agency Resource Guide.

Special Revenue Funds – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes by a grantor. Federal and state awards generally are accounted for in the general fund and in special revenue funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the general fund and special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases or decreases in net current assets.

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on 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.

3. 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 extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 2 CFR 200 Uniform Guidance.
4. The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$	16,376,891
SHARS revenue		<u>1,703,397</u>
Total federal programs revenue per Exhibit C-2	\$	<u>18,080,288</u>

5. The District has elected not to use the 10% de minimis indirect cost rate.

Rockwall Independent School District

Schedule of Required Responses to Selected
 School FIRST Indicators (Unaudited)
 For the Fiscal Year Ended June 30, 2023

Data Control Codes		Response
SF1	Was there an unmodified opinion in the Annual Comprehensive Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Comprehensive Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Comprehensive Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Comprehensive Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end:	\$ 56,297,697