
DRIPPING SPRINGS
INDEPENDENT SCHOOL
DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2023



CPAs and Professional Consultants

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF THE BOARD

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

Name of School District

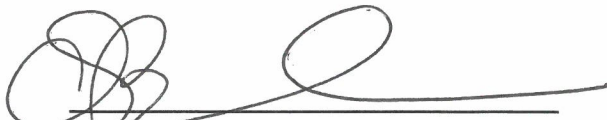
Hays

County

105-904

Co. - Dist. No.

We, the undersigned, certify that the attached Annual Financial Report of the Dripping Springs Independent School District for the year ended June 30, 2023, was reviewed and approved at a meeting of the Board of Trustees of the Dripping Springs Independent School District on October 18, 2023.


Board Secretary
Board President



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Dripping Springs Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dripping Springs 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 referred to above 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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Dripping Springs Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, required TEA schedules, 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

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 but does not include the basic 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 basic 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 October 18, 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
October 18, 2023



DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Dripping Springs Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, investment fair values, net taxes receivable, net pension liability, and net other postemployment benefits liability.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$95,378,344 (net position). Of this amount, \$11,634,417 (unrestricted net position) is available to meet the District's ongoing obligations to students and creditors in subsequent years.
- The District's total net position increased by \$22,723,526 from current operations.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$82,831,629, a decrease of \$3,063,980 as compared to the preceding year.
- At the end of the year, unassigned fund balance of the general fund was \$46,006,567, or approximately 44 percent of the year's total general fund expenditures.
- The District's total bonded debt decreased by \$22,666,553 (7.6 percent) during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information, supplementary information, and other information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes, intergovernmental revenues, and charges for services. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, and Other Intergovernmental Charges*.

The business-type activities include Day Care, Community Services, and School Store.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements can be found as noted in the table of contents of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as do 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. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of cash resources*, as well as on *balances of cash resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained approximately thirty-two individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other thirty funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements are noted in the table of contents of this report.

Proprietary Fund. The District maintains one type of propriety fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its Day Care, Community Services, and School Store operations.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the enterprise funds are provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities. A statement of fiduciary net position and statement of changes in fiduciary net position are presented for fiduciary funds, as noted in the table of contents of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary and other information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,378,344, an increase of \$22,723,526 over the preceding year from current operations.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$104,653,134	\$103,928,903	\$ 942,458	\$ 817,007	\$105,595,592	\$104,745,910
Capital assets	316,962,806	313,275,235	-	-	316,962,806	313,275,235
Total Assets	421,615,940	417,204,138	942,458	817,007	422,558,398	418,021,145
Total Deferred Outflows of Resources	28,812,520	25,685,113	-	-	28,812,520	25,685,113
Other liabilities	23,293,470	20,732,576	724,636	590,514	24,018,106	21,323,090
Long-term liabilities outstanding	309,845,717	326,120,096	-	-	309,845,717	326,120,096
Total Liabilities	333,139,187	346,852,672	724,636	590,514	333,863,823	347,443,186
Total Deferred Inflows of Resources	22,128,751	23,608,254	-	-	22,128,751	23,608,254
Net Position						
Net investment in capital assets	61,943,679	47,672,740	-	-	61,943,679	47,672,740
Restricted	21,800,248	17,871,548	-	-	21,800,248	17,871,548
Unrestricted	11,416,595	6,884,037	217,822	226,493	11,634,417	7,110,530
Total Net Position	\$ 95,160,522	\$ 72,428,325	\$ 217,822	\$ 226,493	\$ 95,378,344	\$ 72,654,818

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide *Statement of Net Position* of \$95,378,344 at June 30, 2023 results from several factors. The increase in net position resulted primarily from an increase in capital assets as well as an increase in property tax revenue and operating grants and contributions.

The largest portion of the District's net position is net investment in capital assets. Investment in capital assets (e.g., land and improvements, buildings and improvements, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that are still outstanding represents approximately 65 percent of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$21,800,248, which represents approximately 23 percent of total net position, is restricted for future debt service and grant expenditures.

Unrestricted net position of \$11,634,417 may be used to meet future obligations to students and creditors. At the end of the current fiscal year, the District is able to report positive balances in all categories of net position for governmental and business-type activities.

Governmental Activities. Governmental activities increased the District's net position by \$22,732,197 from current operations. Key elements of this change may be determined from the table below.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Dripping Springs Independent School District's Changes in Net Position

	Governmental Activities		Business- type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 8,338,537	\$ 5,890,221	\$ 3,021,031	\$ 2,319,668	\$ 11,359,568	\$ 8,209,889
Operating grants & contributions	6,495,307	7,791,921	-	117,613	6,495,307	7,909,534
General Revenues:						
Property taxes	89,675,072	72,441,047	-	-	89,675,072	72,441,047
Property taxes, levied for debt service	33,280,838	26,383,626	-	-	33,280,838	26,383,626
Grants and contributions not restricted to specific programs	8,189,672	5,690,318	-	-	8,189,672	5,690,318
Investment earnings	4,117,040	177,774	618	62	4,117,658	177,836
Miscellaneous	8,543	12,662	-	-	8,543	12,662
Total Revenues	150,105,009	118,387,569	3,021,649	2,437,343	153,126,658	120,824,912
Expenses						
Instruction	53,177,831	47,557,323	-	-	53,177,831	47,557,323
Instructional resources and media services	1,069,725	1,018,667	-	-	1,069,725	1,018,667
Curriculum and staff development	2,222,009	2,310,329	-	-	2,222,009	2,310,329
Instructional leadership	1,305,206	1,279,089	-	-	1,305,206	1,279,089
School leadership	4,044,762	3,556,957	-	-	4,044,762	3,556,957
Guidance, counseling, and evaluation services	3,463,571	3,089,450	-	-	3,463,571	3,089,450
Health services	1,004,789	842,127	-	-	1,004,789	842,127
Student transportation	3,173,573	2,920,607	-	-	3,173,573	2,920,607
Food service	3,759,429	3,532,937	-	-	3,759,429	3,532,937
Extracurricular activities	3,985,450	3,369,596	-	-	3,985,450	3,369,596
General administration	4,075,852	3,048,444	-	-	4,075,852	3,048,444
Plant, maintenance and operations	9,419,586	7,944,370	-	-	9,419,586	7,944,370
Security and monitoring services	520,544	550,876	-	-	520,544	550,876
Data processing services	1,940,916	1,559,655	-	-	1,940,916	1,559,655
Community services	41,104	31,055	-	-	41,104	31,055
Interest and fiscal charges for long term debt	8,493,514	9,704,580	-	-	8,493,514	9,704,580
Debt issuance costs and fees	171,886	414,409	-	-	171,886	414,409
Facilities acquisition and construction	706,081	-	-	-	706,081	-
Contracted instructional services between schools	24,359,963	10,587,708	-	-	24,359,963	10,587,708
Other intergovernmental charges	782,597	658,863	-	-	782,597	658,863
Day care	-	-	676,777	655,167	676,777	655,167
Community services	-	-	1,959,763	1,691,012	1,959,763	1,691,012
School store	-	-	48,204	29,566	48,204	29,566
Total Expenses	127,718,388	103,977,042	2,684,744	2,375,745	130,403,132	106,352,787
Increase (Decrease) in Net Position	22,386,621	14,410,527	336,905	61,598	22,723,526	14,472,125
Transfers	345,576	(19,619)	(345,576)	19,619	-	-
Change in net position	22,732,197	14,390,908	(8,671)	81,217	22,723,526	14,472,125
Beginning Net Position	72,428,325	58,037,417	226,493	145,276	72,654,818	58,182,693
Ending Net Position	\$ 95,160,522	\$ 72,428,325	\$ 217,822	\$ 226,493	\$ 95,378,344	\$ 72,654,818

The increase in net position resulted primarily from property tax revenue increases and an increase in operating grants and contributions.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Revenues were generated primarily from two sources. Property taxes of \$122,955,910 represent approximately 82 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations, totaling \$14,684,979), represent approximately 10 percent of total revenues. The remaining 8 percent is generated from investment earnings, charges for services and miscellaneous revenues.

The primary functional expenses of the District are *Instruction* at \$53,177,831, which represents approximately 42 percent of total expenses, *Plant Maintenance and Operations* at \$9,419,586 (approximately 7 percent), *Contracted Instructional Services Between Schools* at \$24,359,963 (approximately 19 percent), and *Interest on Long-term Debt* of \$8,493,514 (approximately 7 percent), while all remaining expense categories are individually 3 percent or less of total expenses.

Business-type Activities. Business-type activities decreased the District's net position by \$8,671. Revenues increased by \$584,306 or approximately 24 percent, primarily due to the increase of community participation in the daycare and community education services provided. Expenditures increased by \$308,999, or approximately 13 percent.

Financial Analysis of the Government's Funds

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

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$82,831,629, a decrease of \$2,564,723 from the preceding year. Comments as to each individual major fund's change in fund balance follows.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$46,006,567, while total fund balance was \$50,141,699. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 44 percent of total general fund expenditures, while total fund balance represents approximately 47 percent of that same total. The fund balance of the general fund increased \$3,063,980 during the year, primarily due to the increase in local and intermediate sources of revenue and state program revenues.

The debt service fund ended the year with a total fund balance of \$23,092,095, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$4,196,204 during the year, primarily due to property tax collections exceeding budgeted projections.

The capital projects fund has a total fund balance of \$6,899,979. The net decrease in fund balance during the current year in the capital projects fund was \$10,611,780 due to the increase in capital outlay expenditures for facilities acquisition and construction.

Governmental funds financial statements may be found by referring to the table of contents.

Proprietary Funds. The District's proprietary fund financial statements provided the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. The final budgeted expenditures increased by \$11,683,078 primarily due to the increase in instruction and related services in the current year due to growth.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities and business-type activities as of June 30, 2023 was \$316,962,806 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, and construction in progress. The increase in investment in capital assets net of depreciation for the current fiscal year was \$3,687,571.

Dripping Springs Independent School District's Capital Assets
(net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 11,197,494	\$ 11,197,494	\$ -	\$ -	\$ 11,197,494	\$ 11,197,494
Buildings & improvements	288,353,328	295,451,912	-	-	288,353,328	295,451,912
Furniture & equipment	6,472,203	5,663,082	-	-	6,472,203	5,663,082
Intangibles	283,330	303,330	-	-	283,330	303,330
Construction in progress	10,233,941	368,627	-	-	10,233,941	368,627
Right to use leased assets	154,051	290,790	-	-	154,051	290,790
SBITA assets	268,459	-	-	-	268,459	-
Net Capital Assets	\$ 316,962,806	\$ 313,275,235	\$ -	\$ -	\$ 316,962,806	\$ 313,275,235

Additional information on the District's capital assets can be found in the notes to the financial statements as per the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Dripping Springs Independent School District's Outstanding Long-term Liabilities

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds	\$ 275,889,924	89.0%	\$ 298,556,477	91.5%	\$ (22,666,553)	-7.6%
Notes payable	376,772	0.1%	197,111	0.1%	179,661	91.1%
Lease liabilities	160,386	0.1%	296,700	0.1%	(136,314)	-45.9%
SBITA liabilities	270,052	0.1%	-	0.0%	270,052	100.0%
Net pension liability	20,532,909	6.6%	8,011,611	2.5%	12,521,298	156.3%
Net OPEB liability	12,615,674	4.1%	19,058,197	5.8%	(6,442,523)	-33.8%
Totals	\$ 309,845,717	100.0%	\$ 326,120,096	100.0%	\$ (16,274,379)	

The District's total bonded debt decreased by \$22,666,553 (7.6 percent) during the current fiscal year, which resulted primarily from scheduled principal payments during the year and \$10.7 million of debt defeased. The debt is supported by the full faith and credit of the District, as further guaranteed by the Permanent School Fund of the State of Texas. State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in Note 8 in the notes to the financial statements as per the table of contents of this report.

Additional information on the District's net pension liability can be found in Note 10 to the financial statements as indicated in the table of contents of this report.

Additional information on the District's OPEB liability can be found in Note 11 to the financial statements as indicated in the table of contents of this report.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

- School year 2023-2024 student enrollment is projected at 8,854, compared to 8,375 from 2022-2023.
- District staff totals 1,114 employees in 2023-2024, of which 562 are teachers and 140 are teacher aides and secretaries.
- The District maintains 8 campuses for student instruction.
- Property values (net taxable) of the District increased 20.5% for the 2023-2024 year.
- A maintenance and operations tax rate of \$0.7575 and a debt service rate of \$0.3500, for a total rate of \$1.1075, was adopted for 2023-2024.

The 2023-2024 general operating budget was adopted on June 26, 2023 following the culmination of months of planning and work to present a plan that provides the resources necessary to support the district's mission while maintaining accountability to its stakeholders. The General Fund Operating budget included revenues of \$120,356,315 and expenditures of \$122,829,129 resulting in an overall deficit of \$2,472,814 (before transfers in/out). The budget was prepared to support 8,854 students, which represents 5.7% growth over 2022-2023 enrollment numbers, and on a total tax rate of \$1.2827. It is important to note that revenues were based on a lower enrollment of 8,765 to provide a more conservative budget. At the time the budget was adopted, property tax relief legislation had not passed thus the budget was adopted based on a higher tax rate than was ultimately adopted.

Revenues were prepared under the following assumptions:

- Student enrollment of 8,765
- A Tier 1 MCR of \$0.7944 (adopted \$0.6192)
- 8 Golden pennies
- 5.83 Copper pennies
- Cooperative estimates for other local revenues

Expenditure budgets include:

- 3% salary increase for teachers, auxiliary, clerical staff and all other staff
- Certain auxiliary classifications received a higher hourly wage increase in order to attract staff to high vacancy areas
- 36 additional FTEs for growth
- Funding for portable buildings
- Funding for band uniforms, band instruments, and technology lease payments out of fund balance commitments

In the summer of 2023, the Texas legislature passed property tax relief measures. SB 2 increases the homestead exemption to \$100,000 (pending voter approval in November 2023) and further compresses the district's MCR. Due to the property tax relief legislation, the district's M&O tax rate was reduced to \$.7575 from initial projections of an M&O rate of \$0.9327. These reductions also reduced the estimate for recapture. The adopted budget reflected a recapture payment of \$33 million compared to current estimates of \$12 million.

The Debt Service budget included revenues of \$41,004,391 and expenditures of \$21,346,959 resulting in a surplus of \$19,657,432. The surplus will be utilized to defease outstanding debt resulting in significant savings to the District.

Voters approved a bond in May of 2023 in the amount of \$223.7 million to build additional campuses and make renovations to existing facilities. The Interest and Sinking (I&S) tax rate was calculated at \$0.3500 per \$100 of valuation.

The Child Nutrition budget included revenues of \$4,264,816 and expenditures of \$4,734,356 resulting in an operating deficit of \$469,540. The Child Nutrition fund ended 2022-2023 with excess fund balance according to the Texas Department of Agriculture standards. Therefore, deficit spending will be required to reduce the fund balance. Planned expenditures for replacement kitchen equipment will further reduce the fund balance to allowable levels.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deputy Superintendent for Finance and Operations, Dripping Springs Independent School District, 300 Sportsplex Dr., Dripping Springs, Texas 78620.

BASIC FINANCIAL STATEMENTS



DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
Exhibit A-1
STATEMENT OF NET POSITION
June 30, 2023

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and temporary investments	\$ 98,821,914	\$ 754,359	\$ 99,576,273
1225	Property taxes receivables	2,549,584	-	2,549,584
1230	Allowance for uncollectable taxes	(509,917)	-	(509,917)
1240	Due from other governments	2,774,895	-	2,774,895
1250	Accrued interest	630,697	-	630,697
1267	Due from fiduciary funds	16,541	-	16,541
1260	Internal balances	(184,751)	184,751	-
1300	Inventories	379,871	3,348	383,219
1410	Prepaid items	174,300	-	174,300
	Capital assets not subject to depreciation/amortization:			
1510	Land	11,197,494	-	11,197,494
1580	Construction in progress	10,233,941	-	10,233,941
	Capital assets net of depreciation/amortization:			
1520	Buildings and improvements, net	288,353,328	-	288,353,328
1530	Furniture and equipment, net	6,472,203	-	6,472,203
1540	Intangibles, net	283,330	-	283,330
1553	SBITA assets, net	268,459	-	268,459
1559	Right to use leased assets, equipment, net	154,051	-	154,051
1000	Total Assets	421,615,940	942,458	422,558,398
Deferred Outflows of Resources				
	Deferred charge on refunding	9,146,037	-	9,146,037
	Deferred outflows - pension	10,349,320	-	10,349,320
	Deferred outflows - OPEB	9,317,163	-	9,317,163
1700	Total Deferred Outflows of Resources	28,812,520	-	28,812,520
Liabilities				
2110	Accounts payable	2,952,706	98,842	3,051,548
2140	Interest payable	3,511,632	-	3,511,632
2150	Payroll deductions and withholdings	666,011	6,180	672,191
2160	Accrued wages payable	7,298,539	76,588	7,375,127
2180	Due to other governments	8,430,568	-	8,430,568
2200	Accrued expenses payable	150,871	-	150,871
2300	Unearned revenue	283,143	543,026	826,169
	Noncurrent Liabilities:			
2501	Due within one year: Bonds, claims	11,797,052	-	11,797,052
	Due in more than one year:			
2502	Bonds, claims	264,900,082	-	264,900,082
2540	Net pension liability	20,532,909	-	20,532,909
2545	Net OPEB liability	12,615,674	-	12,615,674
2000	Total Liabilities	333,139,187	724,636	333,863,823
Deferred Inflows of Resources				
	Deferred inflows - pension	2,442,585	-	2,442,585
	Deferred inflows - OPEB	19,686,166	-	19,686,166
2600	Total Deferred Inflows of Resources	22,128,751	-	22,128,751
Net Position				
3200	Net investment in capital assets	61,943,679	-	61,943,679
	Restricted for:			
3820	Federal and state programs	1,677,143	-	1,677,143
3850	Debt service	20,123,105	-	20,123,105
3900	Unrestricted	11,416,595	217,822	11,634,417
3000	Total Net Position	\$ 95,160,522	\$ 217,822	\$ 95,378,344

See notes to the financial statements.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Exhibit B-1
Page 1 of 2

Data Control Codes	Functions/Programs	Expenses	Program Revenues	
			Charges for Services	Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 53,177,831	\$ 2,161,635	\$ 3,455,737
12	Instructional resources & media service	1,069,725	52,151	-
13	Curriculum and staff development	2,222,009	43,632	829,366
21	Instructional leadership	1,305,206	13,088	56,905
23	School leadership	4,044,762	92,825	5,064
31	Guidance, counseling & evaluation	3,463,571	324,097	274,039
33	Health services	1,004,789	2,077	481,002
34	Student transportation	3,173,573	-	-
35	Food service	3,759,429	3,586,436	799,837
36	Extracurricular activities	3,985,450	1,293,324	-
41	General administration	4,075,852	492,127	525,440
51	Plant, maintenance and operations	9,419,586	232,135	1,009
52	Security and monitoring services	520,544	44,990	-
53	Data processing services	1,940,916	20	66,840
61	Community services	41,104	-	68
72	Interest and fiscal charges for long term debt	8,493,514	-	-
73	Debt issuance costs and fees	171,886	-	-
81	Facilities acquisition and construction	706,081	-	-
91	Contracted instructional services between schools	24,359,963	-	-
99	Other intergovernmental charges	782,597	-	-
TG	Total Governmental Activities	127,718,388	8,338,537	6,495,307
	Business-type Activities			
01	Day care	676,777	386,489	-
02	Community services	1,959,763	2,568,550	-
03	School store	48,204	65,992	-
TB	Total Business-type Activities	2,684,744	3,021,031	-
TP	Total Primary Government	\$ 130,403,132	\$ 11,359,568	\$ 6,495,307

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
Exhibit B-1
Page 2 of 2

Data Control Codes	Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
		Governmental Activities	Business-type Activities	Total
	Governmental Activities:			
11	Instruction	\$ (47,560,459)	\$ -	\$ (47,560,459)
12	Instructional resources & media service	(1,017,574)	-	(1,017,574)
13	Curriculum and staff development	(1,349,011)	-	(1,349,011)
21	Instructional leadership	(1,235,213)	-	(1,235,213)
23	School leadership	(3,946,873)	-	(3,946,873)
31	Guidance, counseling & evaluation	(2,865,435)	-	(2,865,435)
33	Health services	(521,710)	-	(521,710)
34	Student transportation	(3,173,573)	-	(3,173,573)
35	Food service	626,844	-	626,844
36	Extracurricular activities	(2,692,126)	-	(2,692,126)
41	General administration	(3,058,285)	-	(3,058,285)
51	Plant, maintenance and operations	(9,186,442)	-	(9,186,442)
52	Security and monitoring services	(475,554)	-	(475,554)
53	Data processing services	(1,874,056)	-	(1,874,056)
61	Community services	(41,036)	-	(41,036)
72	Interest and fiscal charges for long term debt	(8,493,514)	-	(8,493,514)
73	Debt issuance costs and fees	(171,886)	-	(171,886)
81	Facilities acquisition and construction	(706,081)	-	(706,081)
91	Contracted instructional services between schools	(24,359,963)	-	(24,359,963)
99	Other intergovernmental charges	(782,597)	-	(782,597)
TG	Total Governmental Activities	(112,884,544)	-	(112,884,544)
	Business-type Activities			
01	Day care	-	(290,288)	(290,288)
02	Community services	-	608,787	608,787
03	School store	-	17,788	17,788
TB	Total Business-type Activities	-	336,287	336,287
TP	Total Primary Government	(112,884,544)	336,287	(112,548,257)
	General Revenues:			
	Taxes:			
MT	Property taxes, levied for general purposes	89,675,072	-	89,675,072
DT	Property taxes, levied for debt service	33,280,838	-	33,280,838
SF	State-aid formula grants - unrestricted	8,189,672	-	8,189,672
IE	Investment earnings	4,117,040	618	4,117,658
MI	Miscellaneous	8,543	-	8,543
FR	Transfers	345,576	(345,576)	-
TR	Total General Revenues	135,616,741	(344,958)	135,271,783
CN	Change in net position	22,732,197	(8,671)	22,723,526
NB	Net Position - Beginning	72,428,325	226,493	72,654,818
NE	Net Position - Ending	\$ 95,160,522	\$ 217,822	\$ 95,378,344

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit C-1
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and cash equivalents	\$ 2,964,069	\$ 100,893	\$ 435,023
1120	Investments	60,087,147	23,095,146	8,667,964
Receivables:				
1220	Property taxes receivables	1,871,281	678,303	-
1230	Allowance for uncollectible taxes (credit)	(374,256)	(135,661)	-
1240	Due from other governments	1,325,232	-	-
1250	Accrued interest	630,697	-	-
1260	Due from other funds	1,327,946	-	16,154
1290	Other receivables	16,541	-	-
1300	Inventories	354,656	-	-
1410	Prepaid items	35,849	-	-
1000	Total Assets	\$ 68,239,162	\$ 23,738,681	\$ 9,119,141
Liabilities, Deferred Inflows, and Fund Balance				
Liabilities:				
2110	Accounts payable	\$ 606,031	\$ -	\$ 2,219,162
2150	Payroll deduction and withholdings	618,502	-	-
2160	Accrued wages payable	6,998,715	-	-
2170	Due to other funds	-	-	-
2180	Payable to other governments	8,203,819	103,944	-
2200	Accrued expenditures	150,871	-	-
2300	Unearned revenue	22,500	-	-
2000	Total Liabilities	16,600,438	103,944	2,219,162
Deferred Inflows of Resources				
	Unavailable Revenues - Property Taxes	1,497,025	542,642	-
2600	Total Deferred Inflows of Resources	1,497,025	542,642	-
Fund Balances:				
Nonspendable :				
3410	Inventories	354,656	-	-
3430	Prepaid items	35,849	-	-
Restricted:				
3450	Grants	-	-	-
3470	Capital acquisitions	-	-	6,899,979
3480	Debt service	-	23,092,095	-
Committed:				
3545	Other purposes	3,744,627	-	-
3600	Unassigned	46,006,567	-	-
3000	Total Fund Balances	50,141,699	23,092,095	6,899,979
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 68,239,162	\$ 23,738,681	\$ 9,119,141

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Exhibit C-1
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Assets			
1110	Cash and cash equivalents	\$ 1,504,235	\$ 5,004,220
1120	Investments	1,967,437	93,817,694
Receivables:			
1220	Property taxes receivables	-	2,549,584
1230	Allowance for uncollectible taxes (credit)	-	(509,917)
1240	Due from other governments	1,449,663	2,774,895
1250	Accrued interest	-	630,697
1260	Due from other funds	467,403	1,811,503
1290	Other receivables	-	16,541
1300	Inventories	25,215	379,871
1410	Prepaid items	138,451	174,300
1000	Total Assets	\$ 5,552,404	\$ 106,649,388
Liabilities, Deferred Inflows, and Fund Balance			
Liabilities:			
2110	Accounts payable	\$ 127,513	\$ 2,952,706
2150	Payroll deduction and withholdings	47,509	666,011
2160	Accrued wages payable	299,824	7,298,539
2170	Due to other funds	1,996,254	1,996,254
2180	Payable to other governments	122,805	8,430,568
2200	Accrued expenditures	-	150,871
2300	Unearned revenue	260,643	283,143
2000	Total Liabilities	2,854,548	21,778,092
Deferred Inflows of Resources			
	Unavailable Revenues - Property Taxes	-	2,039,667
2600	Total Deferred Inflows of Resources	-	2,039,667
Fund Balances:			
Nonspendable :			
3410	Inventories	25,215	379,871
3430	Prepaid items	-	35,849
Restricted:			
3450	Grants	1,677,143	1,677,143
3470	Capital acquisitions	-	6,899,979
3480	Debt service	-	23,092,095
Committed:			
3545	Other purposes	995,498	4,740,125
3600	Unassigned	-	46,006,567
3000	Total Fund Balances	2,697,856	82,831,629
4000	Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,552,404	\$ 106,649,388



DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT*Exhibit C-2***RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION****June 30, 2023**

Data Control Codes		
	Total Fund Balance, Governmental Funds	\$ 82,831,629
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable	316,962,806
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	2,039,667
3	Deferred charges on refunding	9,146,037
4	Deferred outflows - pension related	10,349,320
5	Deferred inflows - pension related	(2,442,585)
6	Deferred outflows - OPEB related	9,317,163
7	Deferred inflows - OPEB related	(19,686,166)
	Long- term liabilities, including bonds payable, notes payable and net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year- end related to such items consist of:	
8	General obligation bonds	(244,714,935)
9	Premiums on bonds payable	(25,542,998)
10	Accreted interest on capital appreciation bonds	(5,631,991)
11	Accrued interest payable	(3,511,632)
12	Notes payable	(376,772)
13	Lease liability	(160,386)
14	SBITA liability	(270,052)
15	Net pension liability	(20,532,909)
16	Net OPEB liability	(12,615,674)
19	Total Net Position - Governmental Activities	\$ 95,160,522

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
Exhibit C-3
Page 1 of 2

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local, intermediate, and out-of-state	\$ 94,519,711	\$ 34,180,884	\$ 525,338
5800	State program revenues	12,364,341	476,513	-
5900	Federal program revenues	1,204,663	-	-
5020	Total Revenues	108,088,715	34,657,397	525,338
Expenditures				
Current:				
0011	Instruction	47,817,311	-	-
0012	Instruction resources and media services	923,190	-	-
0013	Curriculum and instructional staff development	1,360,034	-	-
0021	Instructional leadership	1,182,373	-	-
0023	School leadership	3,722,709	-	-
0031	Guidance, counseling and evaluation services	2,826,900	-	-
0033	Health services	892,106	-	-
0034	Student transportation	3,827,470	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	2,955,547	-	-
0041	General administration	3,841,614	-	-
0051	Facilities maintenance and operations	8,490,746	-	-
0052	Security and monitoring services	418,830	-	-
0053	Data processing services	1,718,823	-	376,619
0061	Community services	34,142	-	-
Debt service:				
0071	Principal on long-term debt	349,214	19,790,000	-
0072	Interest on long-term debt	860	10,299,109	-
0073	Bond issuance costs and fees	-	372,084	-
Capital outlay:				
0081	Facilities acquisition and construction	228,653	-	10,760,499
Intergovernmental:				
0091	Contracted instructional services	24,359,963	-	-
0099	Payments to Appraisal District	782,597	-	-
6030	Total Expenditures	105,733,082	30,461,193	11,137,118
1100	Excess (deficiency) of revenues over (under) expenditures	2,355,633	4,196,204	(10,611,780)
Other Financing Sources (Uses)				
7913	Proceeds from SBITAs	97,736	-	-
7914	Proceeds from notes payable	376,772	-	-
7915	Transfers in	461,871	-	-
8911	Transfers out	(99,476)	-	-
8949	Other uses	(128,556)	-	-
7080	Total Other Financing Sources (Uses)	708,347	-	-
1200	Net change in fund balances	3,063,980	4,196,204	(10,611,780)
0100	Fund Balance - Beginning	47,077,719	18,895,891	17,511,759
3000	Fund Balance - Ending	\$ 50,141,699	\$ 23,092,095	\$ 6,899,979

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
Exhibit C-3
Page 2 of 2

Data Control Codes		Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ 5,941,118	\$ 135,167,051
5800	State program revenues	738,540	13,579,394
5900	Federal program revenues	4,552,104	5,756,767
5020	Total Revenues	11,231,762	154,503,212
Expenditures			
Current:			
0011	Instruction	4,170,680	51,987,991
0012	Instruction resources and media services	44,068	967,258
0013	Curriculum and instructional staff development	901,249	2,261,283
0021	Instructional leadership	70,655	1,253,028
0023	School leadership	84,587	3,807,296
0031	Guidance, counseling and evaluation services	611,806	3,438,706
0033	Health services	99,581	991,687
0034	Student transportation	-	3,827,470
0035	Food services	3,630,710	3,630,710
0036	Extracurricular activities	702,780	3,658,327
0041	General administration	14	3,841,628
0051	Facilities maintenance and operations	164,558	8,655,304
0052	Security and monitoring services	38,017	456,847
0053	Data processing services	69,748	2,165,190
0061	Community services	68	34,210
Debt service:			
0071	Principal on long-term debt	48,506	20,187,720
0072	Interest on long-term debt	-	10,299,969
0073	Bond issuance costs and fees	-	372,084
Capital outlay:			
0081	Facilities acquisition and construction	27,654	11,016,806
Intergovernmental:			
0091	Contracted instructional services	-	24,359,963
0099	Payments to Appraisal District	-	782,597
6030	Total Expenditures	10,664,681	157,996,074
1100	Excess (deficiency) of revenues over (under) expenditures	567,081	(3,492,862)
Other Financing Sources (Uses)			
7913	Proceeds from SBITAs	236,611	334,347
7914	Proceeds from notes payable	-	376,772
7915	Transfers in	4,042	465,913
8911	Transfers out	(20,861)	(120,337)
8949	Other uses	-	(128,556)
7080	Total Other Financing Sources (Uses)	219,792	928,139
1200	Net change in fund balances	786,873	(2,564,723)
0100	Fund Balance - Beginning	1,910,983	85,396,352
3000	Fund Balance - Ending	\$ 2,697,856	\$ 82,831,629

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT**Exhibit C-4**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Total Net Change In Fund Balances - Governmental Funds (Exhibit C- 2) \$ (2,564,723)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized expenditures reclassified to assets	13,084,551
Depreciation and amortization expense taken to Statement of Activities	(9,396,980)

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	381,535
---	---------

Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long term liabilities.

Proceeds from issuance of notes payable	(376,772)
Proceeds from issuance of SBITAs	(334,347)

Repayment of bond principal and lease liability principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	19,790,000
---	------------

Repayment of notes principal, lease liability, and sbita liability is an expenditure in the governmental funds, but the repayment reduces long- term liabilities in the statement of net position.	397,720
--	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest on bonds payable decreased	346,525
Interest accreted on the capital appreciation bonds decreased	(58,419)
Amortization of bond premium	2,934,972
Amortization of deferred charge on refunding	(1,216,425)
Changes in net pension liabilities and related deferred outflows and inflows of resources	(1,254,794)
Changes in net OPEB liabilities and related deferred outflows and inflows of resources	<u>999,354</u>

Change In Net Position - Governmental Activities (Exhibit B- 1) \$ 22,732,197

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

Exhibit D-1

	<u>Nonmajor Enterprise Funds</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 754,359
Receivables:	
Due from other funds	260,494
Inventories, at cost	3,348
Total Current Assets	<u>1,018,201</u>
Non-current Assets:	
Capital Assets:	
Furniture and equipment	15,831
Accumulated depreciation buildings, furniture, and equipment	<u>(15,831)</u>
Total Non-current Assets	<u>-</u>
Total Assets	<u><u>\$ 1,018,201</u></u>
Liabilities and Net Position	
Liabilities	
Current Liabilities:	
Accounts payable	\$ 98,842
Payroll deductions and withholdings payable	6,180
Accrued wages payable	76,588
Due to other funds	75,743
Unearned revenue	543,026
Total Current Liabilities	<u>800,379</u>
Total Liabilities	<u>800,379</u>
Net Position	
Unrestricted	<u>217,822</u>
Total Net Position	<u>217,822</u>
Total Liabilities and Net Position	<u><u>\$ 1,018,201</u></u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit D-2

	Nonmajor Enterprise Funds
Operating Revenues	
Local and intermediate sources	\$ 3,021,031
Total Operating Revenues	<u>3,021,031</u>
Operating Expenses	
Payroll costs	1,948,928
Purchased and contracted services	621,516
Supplies and materials	68,565
Claims expense and other operating expenses	43,106
Debt service	2,629
Total Operating Expenses	<u>2,684,744</u>
Operating Income	<u>336,287</u>
Non-Operating Revenues	
Investment earnings	618
Total Non-Operating Revenues	<u>618</u>
Income before Transfers	336,905
Transfers	
Transfers in	586,575
Transfers out	<u>(932,151)</u>
Total Transfers	<u>(345,576)</u>
Change in Net Position	(8,671)
Net Position - Beginning	<u>226,493</u>
Net Position - Ending	<u><u>\$ 217,822</u></u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

Exhibit D-3

	Nonmajor Enterprise Funds
Cash Flows from Operating Activities:	
Cash receipts from services provided	\$ 3,072,237
Cash payments to employees	(1,941,417)
Cash payments to suppliers for goods and services	(965,827)
Net Cash Provided by Operating Activities	<u>164,993</u>
Cash Flows from Non-Capital Financing Activities:	
Cash payment from other funds	586,575
Cash payment to other funds	(932,151)
Net Cash Used by Non-Capital Financing Activities	<u>(345,576)</u>
Cash Flows from Investing Activities:	
Interest on investments	618
Net Cash Provided by Investing Activities	<u>618</u>
Net Change in Cash and Cash Equivalents	(179,965)
Cash and Cash Equivalents at Beginning of Year	<u>934,328</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 754,363</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 336,287
Change in Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(253,901)
Decrease (increase) in Prepaids	96
Increase (decrease) in Accounts payable	26,671
Increase (decrease) in Accrued Wages Payable	8,441
Increase (decrease) in Interfund Payables	(51,611)
Increase (decrease) in Payroll Deductions Payable	(3,807)
Increase (decrease) in unearned revenue	102,817
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 164,993</u></u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****June 30, 2023****Exhibit E-1**

	Private Purpose Trust Funds	Custodial Funds
	Scholarship Fund	Student Activity
Assets		
Cash and cash equivalents	\$ 750	\$ 186,975
Investments	35,996	-
Other receivables	-	494
Total Assets	\$ 36,746	\$ 187,469
Liabilities and Net Position		
Liabilities		
Accounts payable	\$ -	\$ 104
Due to others	4,750	12,392
Total Liabilities	4,750	12,496
Net Position		
Restricted for student scholarships and other activities	31,996	-
Restricted for student activity	-	174,973
Total Net Position	\$ 31,996	\$ 174,973

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****For the Year Ended June 30, 2023****Exhibit E-2**

	Private Purpose Trust Funds	Custodial Funds
	Scholarship Fund	Student Activity
Additions		
Local and intermediate sources	\$ 1,389	\$ 246,337
Total Additions	<u>1,389</u>	<u>246,337</u>
Deductions		
Scholarships awarded	4,250	-
Payments for student activities	-	222,492
Total Deductions	<u>4,250</u>	<u>222,492</u>
Change in Net Position	(2,861)	23,845
Net Position - Beginning	<u>34,857</u>	<u>151,128</u>
Net Position - Ending	<u>\$ 31,996</u>	<u>\$ 174,973</u>



Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Dripping Springs Independent School District (the District) is governed by a seven-member Board of Trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

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 government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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 identifiable 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 and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Note 1 - Summary of Significant Accounting Policies (continued)

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

Revenues from local sources consist primarily of property taxes. Property tax revenues are available for spending when collected, while revenues received from the State of Texas 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 earned to the extent of the expenditures made under the provisions of the grant. Most grant funds are received on a reimbursement basis. When grant funds are received in advance, they are recorded as unearned revenues until the 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 District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for financial resources used for the acquisition or construction of major capital facilities and equipment purchases.

Additionally, the District reports the following fund types:

The *nonmajor special revenue funds* are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The *enterprise funds* are proprietary funds used to account for the operations of the District's day care fund, community services fund, and school store.

Private purpose trust funds are used to account for resources legally held in trust under which principal and income benefit individuals, private organizations or other governments. The District's private-purpose trust funds represent scholarship funds being held in trust for students.

The *custodial fund* accounts for resources held in a custodial capacity by the District and consist of funds that are the property of students and others and cannot be used by the District in operations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

D. Implementation of New Accounting Standards

GASB Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of one year or less from the date of acquisition.

Investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year-end, except for nonparticipating interest-earning investment contracts which are reported at cost. Investments with an original maturity of less than one year are reported at amortized cost.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

F. Receivables and Payables

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

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Hays and Travis County Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

F. Receivables and Payables (continued)

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

G. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

H. Capital Assets

As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets. See Note 5). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land is not depreciated. The other tangible and intangible property, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Capital Assets Classes	Years
Building improvements	10-50
Furniture, fixtures, and equipment	5-20
Intangibles	20
Right to use leased equipment	3-5
SBITA Assets	2-4

I. Leases

The District is a lessee for noncancellable leases of buildings, furniture, and equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and internal service fund financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Note 1 - Summary of Significant Accounting Policies (continued)

I. Leases (continued)

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

J. Subscription-Based Information Technology Arrangements

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Compensated Absences

The District has a policy that allows nonexempt employees to accrue vacation days, up to a maximum of fifteen vacation days, for which they can be compensated for at their current daily rate upon separation from or change of employment with the District. It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. An employee who retires from employment with the District shall be eligible for reimbursement for local leave as long as the employee's retirement is voluntary, i.e., the employee is retiring under the Teacher Retirement System of Texas (TRS) and is not being discharged or nonrenewed. The employee shall be reimbursed for each day of local leave at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee. Per governmental accounting standards, a liability for these amounts is reported in governmental funds only if they have met the District's requirements and State's retirement eligibility requirements. A liability for such amounts is insignificant and has not been included in the financial statements.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Premiums and discounts are presented as a component of liabilities while deferred charges on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable premium or discount. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

M. Deferred Outflows/Inflows of Resources

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

M. Deferred Outflows/Inflows of Resources (continued)

- *Deferred charge on refunding* - Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows relating to pension activities* – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in the District’s proportional share of pension liabilities, 2) changes in actuarial assumptions; and 3) differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred outflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) changes in the District’s proportional share of post-employment liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on post-employment plan investments. The deferred outflows of resources related to post-employment benefits resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net post-employment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

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

- *Deferred inflows of resources for unavailable revenues* – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow or resources in the period that the amounts become available.
- *Deferred inflows relating to pension activities* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) changes in the District’s proportional share of pension liabilities; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) differences between projected and actual earnings on pension plan investments. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Note 1 - Summary of Significant Accounting Policies (continued)

N. 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.

O. 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.

P. Fund Balance

The fund balance in governmental funds has been classified as follows to describe the nature and relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. There is no amount of fund balance that is considered nonspendable at the end of the year.
- Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The District has committed 100 percent of fund 461 Campus Activity Funds' fund balance as well as for future expenditures related to the purchase of band equipment, school buses, technology, instructional materials, and property insurance.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board of Trustees has retained this authority. There is no amount of fund balance assigned at the end of the year.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

Note 1 - Summary of Significant Accounting Policies (continued)

P. Fund Balance (continued)

In the fund financial statements, certain governmental funds report restrictions of the entire fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.

When the District incurs an expense for which it may use either restricted or unrestricted resources, it uses the restricted resources first unless unrestricted resources will have to be returned because they were not used.

Q. Net Position

Net Position on the Statement of Net Position includes the following:

- *Net investment in capital assets* - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.
- *Restricted for federal and state programs* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.
- *Restricted for debt service* - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.
- *Unrestricted net position* - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

R. Data Control Codes

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

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.

S. Use of Estimates

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

Note 2 - Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 5) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 6) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 7) Public funds investment pools which meets the requirements of the Public Funds Investment Act. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations; 8) Commercial paper if it has a stated maturity of 271 days or fewer from the day of its issuance; and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit ratings agencies; or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 9) Securities lending program as permitted by Government Code 2256.0115; 10) Fully collateralized repurchase agreements permitted by Government Code 2256.011.

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.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 2 - Deposits and Investments (continued)

As of June 30, 2023, the District had the following governmental, proprietary, and fiduciary fund investments:

		Measurement Using						
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk	
	June 30, 2023							
Investments measured at amortized cost, not subject to level reporting:								
Investment pools:								
Lone Star Government Overnight Fund	\$ 1,590,110	\$ 1,590,110	\$ -	\$ -	2%	23	AAAm*	
Investments measured at fair value, not subject to level reporting:								
Investment pools:								
Texas CLASS	41,118,467	41,118,467	-	-	43%	45	AAAm*	
Texas Range	41,300,000	41,300,000	-	-	43%	28	AAAm*	
TexasDAILY	8,841,258	8,841,258	-	-	9%	28	AAAm*	
Money market mutual funds	12,859	12,859	-	-	0%	1	Not Rated	
Investments measured at fair value, subject to level reporting:								
U.S. Treasury Notes	2,241,220	-	2,241,220	-	2%	159	AA+*	
Municipal Bonds	600,000	-	600,000	-	1%	1	AA+*	
Total investments	95,703,914	\$ 92,862,694	\$ 2,841,220	\$ -	100%			
Cash and checking accounts	4,096,080							
Total cash and cash equivalents and investments	\$ 99,799,994							
Portfolio weighted average maturity						38		

* Standard & Poor's Rating

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

The Texas CLASS and Texas Range investment pools are external investment pools measured at fair value, i.e. their net asset value. Such investment pool's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Such investment pools have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Money Market Mutual Funds are Institutional Prime and Institutional Tax Exempt money market mutual funds required to price and transact at a net asset value per share that fluctuate based upon the pricing of the underlying portfolio of securities. Such funds are not subject to level reporting of the fair value hierarchy.

Municipal bonds and federal agencies are classified in Level 2 of the fair value hierarchy valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 2 - Deposits and Investments (continued)

Credit Risk

At year-end, the District's investments with ratings are included in the table above. Certificates of deposit are fully insured through FDIC. The credit risk for investments was acceptable per legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed three years from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, District's banks' balances of \$5,755,70 were not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent in the District's name.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are in the District's name or held by the District's agent in the District's name.

Note 3 - Receivables and Unearned Revenues

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 1,871,281	\$ 678,303	\$ -	\$ 2,549,584
Due from other governments	1,325,232	-	1,449,663	2,774,895
Other receivables	16,541	-	-	16,541
Gross Receivables	3,213,054	678,303	1,449,663	5,341,020
Less: Allowance for Uncollectibles	(374,256)	(135,661)	-	(509,917)
Net Total Receivables	\$ 2,838,798	\$ 542,642	\$ 1,449,663	\$ 4,831,103

Note 3 - Receivables and Unearned Revenues (continued)

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, District reported unearned revenues in the governmental funds in the amount of \$283,143, for grant funds received prior to meeting all eligibility requirements.

Note 4 - Capital Assets

Capital asset activity for governmental funds for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 11,197,494	\$ -	\$ -	\$ 11,197,494
Construction in progress	368,627	10,411,335	(546,021)	10,233,941
Total Capital Assets, Not Being Depreciated	11,566,121	10,411,335	(546,021)	21,431,435
Capital Assets, Being Depreciated/Amortized				
Buildings and improvements	367,888,506	268,574	546,021	368,703,101
Furniture and equipment	20,546,932	2,070,295	-	22,617,227
Intangibles	400,000	-	-	400,000
Right to use leased assets	427,529	-	-	427,529
SBITA assets	-	334,347	-	334,347
Total Capital Assets, Being Depreciated/Amortized	389,262,967	2,673,216	546,021	392,482,204
Less accumulated depreciation/amortization for:				
Buildings and improvements	(72,436,594)	(7,913,179)	-	(80,349,773)
Furniture and equipment	(14,883,850)	(1,261,174)	-	(16,145,024)
Intangibles	(96,670)	(20,000)	-	(116,670)
Right to use leased assets	(136,739)	(136,739)	-	(273,478)
SBITA assets	-	(65,888)	-	(65,888)
Total Accumulated Depreciation/Amortization	(87,553,853)	(9,396,980)	-	(96,950,833)
Total capital assets, being depreciated/amortized, net	301,709,114	(6,723,764)	546,021	295,531,371
Governmental Capital Assets	\$ 313,275,235	\$ 3,687,571	\$ -	\$ 316,962,806
Capital assets, being depreciated:				
Furniture and equipment	\$ 15,831	\$ -	\$ -	\$ 15,831
Total capital assets, being depreciated	15,831	-	-	15,831
Less accumulated depreciation for:				
Furniture and equipment	(15,831)	-	-	(15,831)
Total accumulated depreciation	(15,831)	-	-	(15,831)
Total capital assets, being depreciated, net	-	-	-	-
Business-type activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Note 4 - Capital Assets (continued)

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation/ Amortization Expense
Instruction	\$ 5,153,062
Instructional resources and media services	131,403
Curriculum and staff development	260,107
Instructional leadership	103,649
School leadership	417,749
Guidance, counseling and evaluation services	272,128
Health services	72,739
Student transportation	328,419
Food Services	457,541
Extracurricular activities	537,542
General administration	371,453
Plant maintenance and operations	1,051,280
Security and monitoring services	69,829
Data processing services	163,169
Community services	6,910
Total Depreciation/Amortization Expense	\$ 9,396,980

The District has active construction projects as of June 30, 2023. The projects include the construction of new facilities as well as major renovations and additions to existing facilities. As of June 30, 2023, construction in progress totaled \$10,233,941. Open commitments to contractors totaled \$1.0 million for the administration building project.

The calculation of Net Investments in Capital Assets as presented at Exhibit A-1 is as follows:

Capital assets, net of depreciation/amortization	\$ 316,962,806
Less bonds payable	(244,714,935)
Less unamortized premium/discount on bonds	(25,542,998)
Less other debt to acquire capital assets	(807,210)
Plus deferred charges on refunding	9,146,037
Plus unspent bond proceeds	6,899,979
Net investment in capital assets per exhibit A-1	\$ 61,943,679

Note 5 – Lease Liabilities

The District has several agreements to lease copiers and printers. As of June 30, 2023 the value of the lease liability was \$160,386. The lease agreements require monthly payments in the amounts ranging from \$432 to \$5,590 and mature in fiscal years 2023-2025. The leases qualify as other than short-term leases as defined by Government Accounting Standards Board (GASB) Statement No. 87 ("GASB 87"). Therefore, the District has recorded right to use leased assets and the lease liability at an amount equal to the initial measurement of the related lease liability. The lease liability was measured at a discount rate of 4.114%. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Note 5 - Lease Liabilities (continued)

The future principal and interest lease payments as of June 30, 2023, follow:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 93,773	\$ 4,507	\$ 98,280
2025	61,043	1,457	62,500
2026	5,570	19	5,589
Totals	\$ 160,386	\$ 5,983	\$ 166,369

Note 6 – SBITA Liabilities

During the current fiscal year, the District entered into several SBITA agreements for the acquisition of educational/financial software. An initial SBITA liability was recorded in the amount of \$334,347 during the current fiscal year. As of June 30, 2023, the value of the SBITA liability was \$270,052. The District is required to make monthly payments in the amounts ranging from \$331 to \$2,799 and mature in fiscal years 2026 - 2027. The SBITAs have an interest rate of 2%. The value of the SBITA asset as of the end of the current fiscal year was \$334,347. and had accumulated amortization of \$65,888. There are no commitments under SBITAs before the commencement of the subscription term.

The future principal and interest SBITA payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 102,689	\$ 4,463	\$ 107,152
2025	89,925	2,501	92,426
2026	66,615	842	67,457
2027	10,823	109	10,932
Totals	\$ 270,052	\$ 7,915	\$ 277,967

Note 7 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2023, is as follows:

	Interfund Receivables	Interfund Payables
Governmental funds:		
General fund	\$ 1,327,946	\$ -
Capital projects fund	16,154	-
Nonmajor governmental funds	467,403	1,996,254
Total governmental funds	1,811,503	1,996,254
Enterprise funds:		
Nonmajor enterprise funds	260,494	75,743
Total enterprise funds	260,494	75,743
Total - All Funds	\$ 2,071,997	\$ 2,071,997

Note 7 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the District’s transfers for the fiscal year ended June 30, 2023:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ 461,871	\$ 99,476
Nonmajor governmental funds	4,042	20,861
Nonmajor enterprise funds	586,575	932,151
Totals	<u>\$ 1,052,488</u>	<u>\$ 1,052,488</u>

The District operates a day-care center and after-school child care program for the benefit of employees. The District contributes \$25/month/employee to offset the employee cost of the after-school program. The transfer of \$95,434 from the general fund to the nonmajor enterprise funds represents the proceeds from employee child care deductions during the fiscal year that will be accounted for and expended from the Child Development Center. Another \$4,042 was transferred from the general fund to nonmajor governmental funds to eliminate various balances in closed grant funds.

Transfers of \$20,861 were made from the nonmajor governmental funds to the general fund to close out dormant local grant funds with no responsibility to return those funds to prior donors.

Transfers totaling \$932,151 were from nonmajor enterprise funds. A total of \$491,141 was transferred between the nonmajor enterprise funds representing profits from Community Services programs to subsidize losses in the fund for the Child Development Center. Another \$441,010 was transferred from the nonmajor enterprise funds to the general fund representing net proceeds from the rental of district facilities to external organizations during the fiscal year.

Note 8 - Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, leases and notes payable. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for leases and notes payable are accounted for in the General Fund.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 264,504,935	\$ -	\$ (19,790,000)	\$ 244,714,935	\$ 11,475,000
Accreted interest on capital appreciation bonds	5,573,572	58,419	-	5,631,991	-
Issuance premiums	28,477,970	-	(2,934,972)	25,542,998	-
Total bonds payable	<u>298,556,477</u>	<u>58,419</u>	<u>(22,724,972)</u>	<u>275,889,924</u>	<u>11,475,000</u>
Notes payable	197,111	376,772	(197,111)	376,772	125,590
Lease liabilities	296,700	-	(136,314)	160,386	93,773
SBITA liabilities	-	334,347	(64,295)	270,052	102,689
Governmental activities long-term liabilities	<u>\$ 299,050,288</u>	<u>\$ 769,538</u>	<u>\$ (23,122,692)</u>	<u>\$ 276,697,134</u>	<u>\$ 11,797,052</u>

Note 8 - Long-Term Liabilities (continued)

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds and term bonds with various amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

Series	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2012A REF	2.00-3.00%	8,785,000	8/15/2026	\$ 1,480,000	\$ -	\$ (20,000)	\$ 1,460,000
2013 REF	1.125-5.00%	15,500,000	8/15/2030	1,070,000	-	(1,070,000)	-
2014 BLDG & REF	2.00-5.00%	163,475,000	2/15/2044	23,355,000	-	(16,555,000)	6,800,000
2018 BLDG	3.00-5.00%	100,720,000	2/15/2048	100,590,000	-	(1,125,000)	99,465,000
2019 BLDG	3.00-5.00%	20,210,000	2/15/2044	20,210,000	-	(575,000)	19,635,000
2020 REF	1.492-5.00%	117,970,000	2/15/2044	116,515,000	-	(445,000)	116,070,000
2020 REF CAB	1.492-5.00%	1,284,935	2/15/2027	1,284,935	-	-	1,284,935
Totals				<u>\$ 264,504,935</u>	<u>\$ -</u>	<u>\$ (19,790,000)</u>	<u>\$ 244,714,935</u>

The District has also defeased general obligation bonds in the current year by placing the proceeds of bonds and the District's own resources into an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, that trust account assets and the liabilities for those defeased bonds are not included in the District's financial statements. At June 30, 2023, \$124,330,000 of defeased bonds remain outstanding. The Series 2014 School Building and Refunding Bonds totaling \$123,440,000 was defeased as of June 30, 2023. Of the defeased amount, \$108,780,000 was a result of the Taxable Series 2020 refunding bonds, \$4,915,000 from the cash defeasance closed on June 22, 2022, and \$9,745,000 from the cash defeasance closed on June 6, 2023. Additionally, the Series 2018 Tax School Building Bonds totaling \$890,000 is from the cash defeasance closed on June 6, 2023.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2024	\$ 11,475,000	\$ 9,325,209	\$ 20,800,209
2025	3,370,000	8,814,859	12,184,859
2026	3,525,000	8,659,159	12,184,159
2027	5,414,935	14,494,573	19,909,508
2028	11,820,000	8,283,009	20,103,009
2029-2033	67,170,000	33,000,197	100,170,197
2034-2038	46,190,000	24,366,989	70,556,989
2039-2043	55,050,000	15,819,894	70,869,894
2044-2048	40,700,000	5,461,208	46,161,208
Totals	<u>\$ 244,714,935</u>	<u>\$ 128,225,097</u>	<u>\$ 372,940,032</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management of the District has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)

Exhibit F-1

Note 8 - Long-Term Liabilities (continued)

Deferred Charge on Refunding

The balance of deferred charge on refunding at June 30, 2023 is presented as a deferred outflow of resources in the Statement of Net Position as follows:

	Beginning Balance	Deferred Charge on New Issues	Retirements	Ending Balance
Deferred charge on refunding	\$ 10,362,462	\$ -	\$ (1,216,425)	\$ 9,146,037
	<u>\$ 10,362,462</u>	<u>\$ -</u>	<u>\$ (1,216,425)</u>	<u>\$ 9,146,037</u>

Notes Payable

The District issued notes to provide new buses for public transportation which have been paid off as of June 30, 2023. During the current fiscal year, the District entered into a three-year agreement for the acquisition of technology hardware. An initial liability was recorded in the amount of \$376,772 in the current fiscal year. The following is a summary of changes in the notes payable for the fiscal year:

Issue	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
School bus note agreement (6)	2.55%	731,848	2023	\$ 185,607	\$ -	\$ (185,607)	\$ -
School bus note agreements (5)	3.85%	535,136	2023	11,504	-	(11,504)	-
Technology hardware agreements	0.00%	376,771	2026	-	376,772	-	376,772
Totals				<u>\$ 197,111</u>	<u>\$ 376,772</u>	<u>\$ (197,111)</u>	<u>\$ 376,772</u>

Annual debt service requirements for the notes payable are as follow:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 125,590	\$ -	\$ 125,590
2025	125,590	-	125,590
2026	125,592	-	125,592
Totals	<u>\$ 376,772</u>	<u>\$ -</u>	<u>\$ 376,772</u>

Note 9 - Revenues from Local, Intermediate, and Out of State Sources

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

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
Property taxes	\$ 89,402,665	\$ 33,171,710	\$ -	\$ -	\$ 122,574,375
Investment earnings	2,515,205	1,009,174	525,338	67,323	4,117,040
Charges for services	1,476,141	-	-	3,586,266	5,062,407
Other	1,125,700	-	-	2,287,529	3,413,229
Totals	<u>\$ 94,519,711</u>	<u>\$ 34,180,884</u>	<u>\$ 525,338</u>	<u>\$ 5,941,118</u>	<u>\$ 135,167,051</u>

Note 10 - Defined Benefit Pension Plan

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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 workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

B. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or 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 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description above.

D. Contributions

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

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

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.

Note 10 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing agency	8.00%	7.50%
Employers	8.00%	7.50%

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).

	Current Fiscal Year	
	Contributions	
District Contributions	\$	1,835,185
Employee Contributions		4,633,625
Non-employer Contributing Entity (State)		3,651,507

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

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

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

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

Note 10 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions

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

The total pension liability, net pension liability, and certain sensitivity information are based on the actuarial valuation performed as of August 31, 2021 and rolled forward to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - 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"
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None
^ Source: p.87 of 2022 TRS ACFR	

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions see the actuarial valuation report described the 2022 TRS ACFR, which includes actuarial valuation report dated November 12, 2021.

F. Discount Rate

A single discount rate of 7.00 percent 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 percent. The projection of flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payment 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.

Note 10 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Arithmetic Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	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 ¹	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return ¹	0.00%	3.70%	0.00%
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	0.00%	3.60%	0.00%
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 ⁴			-0.91%
Expected Return	100.00%		8.21%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2022 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10 - Defined Benefit Pension Plan (continued)

G. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 31,941,421	\$ 20,532,909	\$ 11,285,774

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

At June 30, 2023, the District reported a liability of \$20,532,909 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	\$ 20,532,909
State's proportionate share that is associated with the District	<u>41,873,866</u>
Total	<u>\$ 62,406,775</u>

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

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0346% which was an increase of 0.0031% from its proportion measured as of August 31, 2021.

The General and Special Revenue Funds are used to liquidate pension liabilities.

Changes Since the Prior Actuarial Valuation:

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

Note 10 - Defined Benefit Pension Plan (continued)

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

Change Since the Prior Actuarial Valuation

For the year ended June 30, 2023, the District recognized pension expense of \$2,944,483. The District also recognized on-behalf pension expense and revenue of \$4,002,667 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 experience	\$ 297,726	\$ (447,656)
Changes of assumption	3,825,949	(953,533)
Net difference between projected and actual earnings on pension plan investments	2,028,585	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,636,924	(1,041,396)
District contributions subsequent to the measurement date	1,560,136	-
Total	\$ 10,349,320	\$ (2,442,585)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$1,560,136 will be recognized as a reduction of the net pension 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 pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense
2024	\$ 1,795,572
2025	1,074,640
2026	318,059
2027	2,631,092
2028	527,236
	\$ 6,346,599

Note 11 - Defined Other Post-Employment Benefit Plans

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 TRSCare program was established in 1986 by the Texas Legislature.

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

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2022.pdf>, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

C. Benefits Provided

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

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

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

TRS-Care Monthly Premium Rates		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree oe Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

D. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree 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 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	Measurement Year	
	2023	2022
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

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

	Current Fiscal Year	
	Contributions	
District Contributions	\$	468,714
Employee Contributions		375,047
Non-employer Contributing Entity (State)		999,675

E. Actuarial Assumptions

The actuarial valuation 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 was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, (f) Wage Inflation, and (g) Expected Payroll Growth.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

E. Actuarial Assumptions (continued)

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

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial prescription drug trend was 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None
^ Source: p.77 of 2022 TRS ACFR	

F. Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the nonemployer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2022 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2022 using the fixed income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

F. Discount Rate (continued)

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.91%)	Current Rate (3.91%)	1% Increase (4.91%)
District's proportional share of the net OPEB liability	\$ 14,874,880	\$ 12,615,674	\$ 10,785,427

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

At June 30, 2023, the District reported a liability of \$12,615,674 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 12,615,674
State's proportionate share that is associated with the District	15,389,141
Total	<u>\$ 28,004,815</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the District's proportion of the collective Net OPEB Liability was 0.0527% which was an increase of 0.0033% from its proportion measured as of August 31, 2021.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 10,395,372	\$ 12,615,674	\$ 15,494,010

The General and Special Revenue Funds are used to liquidate OPEB liabilities.

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 (TOL) since the prior measurement period:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the Total OPEB Liability.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

Changes of Benefit Terms Since the Prior Measurement Date

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

For the year ended June 30, 2023, the District recognized negative OPEB expense of \$567,908. The District also recognized an additional negative on-behalf expense and revenue of \$2,183,843 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 other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 701,387	\$ (10,509,989)
Changes of assumption	1,921,617	(8,764,620)
Net difference between projected and actual earnings on OPEB plan investments	37,579	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,264,954	(411,557)
District contributions subsequent to the measurement date	391,626	-
Total	\$ 9,317,163	\$ (19,686,166)

The \$391,626 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 ending 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:

Fiscal Year	OPEB Expense
2024	\$ (2,005,092)
2025	(2,004,958)
2026	(1,469,973)
2027	(745,687)
2028	(1,445,542)
Thereafter	(3,089,377)
	\$ (10,760,629)

H. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$314,277, \$222,955, and \$217,965, respectively. The information for the year ended June 30, 2023 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.



REQUIRED SUPPLEMENTARY INFORMATION



DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

Exhibit G-1

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local revenues	\$ 88,299,810	\$ 93,338,942	\$ 94,519,711	\$ 1,180,769
State program revenues	11,546,181	12,350,979	12,364,341	13,362
Federal program revenues	570,000	570,000	1,204,663	634,663
Total Revenues	100,415,991	106,259,921	108,088,715	1,828,794
Expenditures				
Current:				
Instruction	48,816,272	49,670,852	47,817,311	1,853,541
Instructional resources and media services	850,651	1,040,626	923,190	117,436
Curriculum and staff development	1,845,641	1,727,899	1,360,034	367,865
Instructional leadership	1,217,762	1,403,465	1,182,373	221,092
School leadership	3,602,516	4,068,794	3,722,709	346,085
Guidance, counseling and evaluation services	2,321,013	3,023,262	2,826,900	196,362
Health services	824,569	946,106	892,106	54,000
Student transportation	4,360,620	4,572,912	3,827,470	745,442
Food services	-	232,888	-	232,888
Extracurricular activities	2,600,941	3,191,022	2,955,547	235,475
General administration	3,450,861	4,142,589	3,841,614	300,975
Facilities maintenance and operations	8,032,305	8,746,842	8,490,746	256,096
Security and monitoring services	574,617	714,310	418,830	295,480
Data processing services	1,639,942	1,868,590	1,718,823	149,767
Community services	3,780	73,015	34,142	38,873
Debt Service				
Principal on long-term debt	190,340	744,044	349,214	394,830
Interest on long-term debt			860	(860)
Capital outlay:				
Facilities acquisition and construction	-	747,607	228,653	518,954
Intergovernmental:				
Contracted instructional services	20,028,830	25,000,000	24,359,963	640,037
Payments to Appraisal District	700,000	828,915	782,597	46,318
Total Expenditures	101,060,660	112,743,738	105,733,082	7,010,656
Excess (deficiency) of revenues over (under) expenditures	(644,669)	(6,483,817)	2,355,633	8,839,450
Other Financing Sources (Uses)				
Proceeds from leases	-	-	97,736	97,736
Proceeds from notes payable	-	376,771	376,772	1
Transfers in	-	-	461,871	461,871
Transfers out	(206,412)	(206,412)	(99,476)	106,936
Other uses	-	-	(128,556)	(128,556)
Total Other Financing Sources (Uses)	(206,412)	170,359	708,347	537,988
Net change in fund balances	(851,081)	(6,313,458)	3,063,980	9,377,438
Fund Balances - Beginning	47,077,719	47,077,719	47,077,719	-
Fund Balances - Ending	\$ 46,226,638	\$ 40,764,261	\$ 50,141,699	\$ 9,377,438

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT*Exhibit G-2***SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****TEACHER RETIREMENT SYSTEM OF TEXAS****Last Nine Measurement Years**

	2022	2021	2020	2019	2018
District's proportion of the net pension liability	0.0346%	0.0315%	0.0294%	0.0340%	0.0308%
District's proportionate share of the net pension liability	\$ 20,532,909	\$ 8,011,611	\$ 15,752,868	\$ 17,662,278	\$ 16,978,784
State's proportionate share of the net pension liability associated with the District	41,873,866	18,082,087	36,595,344	32,133,502	32,388,621
Total	<u>\$ 62,406,775</u>	<u>\$ 26,093,698</u>	<u>\$ 52,348,212</u>	<u>\$ 49,795,780</u>	<u>\$ 49,367,405</u>
District's covered payroll (for Measurement Year)	\$ 54,004,786	\$ 49,166,947	\$ 46,026,171	\$ 43,608,941	\$ 37,988,381
District's proportionate share of the net pension liability as a percentage of its covered payroll	38.0%	16.3%	34.2%	40.5%	44.7%
Plan fiduciary net position as a percentage of the total pension liability	75.65%	88.79%	75.54%	75.24%	73.74%

	2017	2016	2015	2014
District's proportion of the net pension liability	0.0262%	0.0257%	0.0255%	0.0140%
District's proportionate share of the net pension liability	\$ 8,382,196	\$ 9,728,215	\$ 9,015,431	\$ 3,744,349
State's proportionate share of the net pension liability associated with the District	17,797,416	20,543,877	18,646,405	15,412,537
Total	<u>\$ 26,179,612</u>	<u>\$ 30,272,092</u>	<u>\$ 27,661,836</u>	<u>\$ 19,156,886</u>
District's covered payroll (for Measurement Year)	\$ 33,272,798	\$ 31,412,048	\$ 28,723,431	\$ 26,319,795
District's proportionate share of the net pension liability as a percentage of its covered payroll	25.2%	31.0%	31.4%	14.2%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	78.00%	78.43%	83.25%

The amounts presented for the plan's measurement year, which ends the preceding August 31 of the District's fiscal year.

Ten years of data is not available.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Nine Fiscal Years

Exhibit G-3

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 1,835,185	\$ 1,695,317	\$ 1,329,641	\$ 1,219,532	\$ 1,167,014
Contributions in relation to the					
contractually required contributions	(1,835,185)	(1,695,317)	(1,329,641)	(1,219,532)	(1,167,014)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,711,755	\$ 53,154,608	\$ 48,419,512	\$ 45,564,769	\$ 42,985,292
Contributions as a percentage of					
covered payroll	3.18%	3.19%	2.75%	2.68%	2.71%
	2018	2017	2016	2015	
Contractually required contributions	\$ 1,000,556	\$ 848,471	\$ 807,576	\$ 687,849	
Contributions in relation to the					
contractually required contributions	(1,000,556)	(848,471)	(807,576)	(687,849)	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	\$ 37,089,075	\$ 32,874,150	\$ 30,989,263	\$ 28,281,694	
Contributions as a percentage of					
covered payroll	2.70%	2.58%	2.61%	2.43%	

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

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Six Measurement Years

Exhibit G-4

	2022	2021	2020
District's proportion of the net OPEB liability	0.0527%	0.0494%	0.0473%
District's proportionate share of the net OPEB liability	\$ 12,615,674	\$ 19,058,197	\$ 17,988,766
State's proportionate share of the net OPEB liability associated with the District	15,389,141	25,533,737	24,172,589
Total	<u>\$ 28,004,815</u>	<u>\$ 44,591,934</u>	<u>\$ 42,161,355</u>
District's covered payroll (for Measurement Year)	\$ 54,004,786	\$ 49,166,947	\$ 46,026,171
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.4%	38.8%	39.1%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%
	2019	2018	2017
District's proportion of the net OPEB liability	0.0483%	0.0439%	0.0366%
District's proportionate share of the net OPEB liability	\$ 22,840,509	\$ 21,914,949	\$ 15,936,476
State's proportionate share of the net OPEB liability associated with the District	30,349,927	33,497,295	27,089,755
Total	<u>\$ 53,190,436</u>	<u>\$ 55,412,244</u>	<u>\$ 43,026,231</u>
District's covered payroll (for Measurement Year)	\$ 43,608,941	\$ 37,988,381	\$ 33,272,798
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	52.4%	57.7%	47.9%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

The amounts presented for the plan's measurement year, which ends the preceding August 31 of the District's fiscal year.
Ten years of data is not available.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Six Fiscal Years

Exhibit G-5

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 468,714	\$ 458,400	\$ 384,873
Contributions in relation to the contractually required contributions	<u>(468,714)</u>	<u>(458,400)</u>	<u>(384,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,711,755	\$ 53,154,608	\$ 48,419,512
Contributions as a percentage of covered payroll	0.81%	0.86%	0.79%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 359,606	\$ 334,495	\$ 282,287
Contributions in relation to the contractually required contributions	<u>(359,606)</u>	<u>(334,495)</u>	<u>(282,287)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,564,769	\$ 42,985,292	\$ 37,089,075
Contributions as a percentage of covered payroll	0.79%	0.78%	0.76%

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

Note 1. Budget

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

For the year ended June 30, 2023, the District had no expenditures that exceeded appropriations.

Note 2. Net Pension Liability

Changes of Assumptions

The single discount of 7.00 percent was used as of August 31, 2022.

It is assumed that future employer and state contributions will be 8.5 percent in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years.

The public education employer contribution rate changed from 1.6% in 2021 to 1.7% in 2022.

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

Note 3. Net OPEB Liability

Changes of Assumptions

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- 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.

Changes of Benefit Terms

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



OTHER SUPPLEMENTARY INFORMATION

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 1 of 8

		211	224	225	226
Data Control Codes		ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	IDEA-Part B, Discretionary
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	50,440	247,194	-	215,467
1260	Due from other funds	-	23,804	154	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 50,440</u>	<u>\$ 270,998</u>	<u>\$ 154</u>	<u>\$ 215,467</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	1,863	24,712	-	-
2160	Accrued wages payable	20,883	86,851	-	-
2170	Due to other funds	27,694	159,435	154	118,949
2180	Due to other governments	-	-	-	96,518
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>50,440</u>	<u>270,998</u>	<u>154</u>	<u>215,467</u>
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 50,440</u>	<u>\$ 270,998</u>	<u>\$ 154</u>	<u>\$ 215,467</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 2 of 8

		240	244	255	263
Data Control Codes	National School				
	Breakfast & Lunch Program	Career and Technical - Basic Grant	ESEA Title II, Part A	Title III, Part A	
Assets					
1110	Cash and cash equivalents	\$ 316,213	\$ -	\$ -	\$ -
1120	Investments	1,967,316	-	-	-
1240	Due from other governments	-	1,237	13,330	6,073
1260	Due from other funds	351,796	-	-	3,359
1310	Inventories, at cost	25,215	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 2,660,540	\$ 1,237	\$ 13,330	\$ 9,432
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 39,846	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	19,768	-	-	-
2160	Accrued wages payable	162,763	-	-	-
2170	Due to other funds	735,397	1,237	13,330	9,432
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	200,688	-	-	-
2000	Total Liabilities	1,158,462	1,237	13,330	9,432
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	25,215	-	-	-
Restricted:					
3450	Grants	1,476,863	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	1,502,078	-	-	-
4000	Total Liabilities and Fund Balances	\$ 2,660,540	\$ 1,237	\$ 13,330	\$ 9,432

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 3 of 8

Data Control Codes		279	281	282	283
		Texas COVID Learning Acceleration Supports (TCLAS) - (ESSER III)	Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	Supplemental Elementary & Secondary School Emergency Relief Fund of the American Rescue Plan Act of 2021
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	56,199	85,066	9,976	526,756
1260	Due from other funds	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	117,753	-
1000	Total Assets	\$ 56,199	\$ 85,066	\$ 127,729	\$ 526,756
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ 295
2150	Payroll deduction and withholdings payable	151	-	-	-
2160	Accrued wages payable	5,985	-	-	-
2170	Due to other funds	50,063	85,066	127,729	501,188
2180	Due to other governments	-	-	-	25,273
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	56,199	85,066	127,729	526,756
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 56,199	\$ 85,066	\$ 127,729	\$ 526,756

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 4 of 8

		284	285	289	385
Data Control Codes		IDEA-Part B, Formula - ARRA	IDEA-Part B,Preschool - ARPA	Miscellaneous Federal Programs	State Supplemental Visually Impaired (SSVI)
Assets					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	148,176	1,466	525	6,264
1260	Due from other funds	667	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 148,843</u>	<u>\$ 1,466</u>	<u>\$ 525</u>	<u>\$ 6,264</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 37,524	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	111,319	1,466	525	5,818
2180	Due to other governments	-	-	-	446
2300	Unearned revenues	-	-	-	-
2000	Total Liabilities	<u>148,843</u>	<u>1,466</u>	<u>525</u>	<u>6,264</u>
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 148,843</u>	<u>\$ 1,466</u>	<u>\$ 525</u>	<u>\$ 6,264</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 5 of 8

		392	397	410	426
Data Control Codes		Noneducational Community - Based Support	Advanced Placement Incentives	Instructional Materials Allotment	Texas Educator Excellence Award Grant Program
Assets					
1110	Cash and cash equivalents	\$ 178	\$ -	\$ -	\$ -
1120	Investments	-	121	-	-
1240	Due from other governments	1,836	-	-	10,474
1260	Due from other funds	-	-	19,976	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	20,615	-
1000	Total Assets	<u>\$ 2,014</u>	<u>\$ 121</u>	<u>\$ 40,591</u>	<u>\$ 10,474</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	2,014	121	-	10,474
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	-	-	38,363	-
2000	Total Liabilities	<u>2,014</u>	<u>121</u>	<u>38,363</u>	<u>10,474</u>
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	-	-	2,228	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>2,228</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,014</u>	<u>\$ 121</u>	<u>\$ 40,591</u>	<u>\$ 10,474</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 6 of 8

		427	461	481	483
Data Control Codes		State Funded	Campus Activity Funds	San Marcos Civic Foundation	DSISD Education Foundation Grant #1
Assets					
1110	Cash and cash equivalents	\$ -	\$ 942,172	\$ 3,084	\$ 226,570
1120	Investments	-	-	-	-
1240	Due from other governments	69,184	-	-	-
1260	Due from other funds	-	59,106	-	7,858
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	83	-	-	-
1000	Total Assets	\$ 69,267	\$ 1,001,278	\$ 3,084	\$ 234,428
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 42,500	\$ 3,394	\$ -	\$ 3,954
2150	Payroll deduction and withholdings payable	-	160	-	855
2160	Accrued wages payable	-	3,658	-	19,684
2170	Due to other funds	26,767	-	1,810	-
2180	Due to other governments	-	568	-	-
2300	Unearned revenues	-	-	-	17,124
2000	Total Liabilities	69,267	7,780	1,810	41,617
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	-	-	1,274	192,811
Committed:					
3545	Other purposes	-	993,498	-	-
3000	Total Fund Balances	-	993,498	1,274	192,811
4000	Total Liabilities and Fund Balances	\$ 69,267	\$ 1,001,278	\$ 3,084	\$ 234,428

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 7 of 8

		484	486	491	498
Data Control Codes		Locally Funded Grant	Coalition of Essential Schools	DSISD Education Foundation Grant #2	COVID Relief Funds
Assets					
1110	Cash and cash equivalents	\$ 8,785	\$ 2,000	\$ -	\$ -
1120	Investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	579	104
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 8,785</u>	<u>\$ 2,000</u>	<u>\$ 579</u>	<u>\$ 104</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deduction and withholdings payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	350	-	579	104
2180	Due to other governments	-	-	-	-
2300	Unearned revenues	4,468	-	-	-
2000	Total Liabilities	<u>4,818</u>	<u>-</u>	<u>579</u>	<u>104</u>
Fund Balance:					
Nonspendable:					
3410	Investments in inventories	-	-	-	-
Restricted:					
3450	Grants	3,967	-	-	-
Committed:					
3545	Other purposes	-	2,000	-	-
3000	Total Fund Balances	<u>3,967</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 8,785</u>	<u>\$ 2,000</u>	<u>\$ 579</u>	<u>\$ 104</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Exhibit H-1
Page 8 of 8

499

Data Control Codes		Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds
Assets			
1110	Cash and cash equivalents	\$ 5,233	\$ 1,504,235
1120	Investments	-	1,967,437
1240	Due from other governments	-	1,449,663
1260	Due from other funds	-	467,403
1310	Inventories, at cost	-	25,215
1410	Prepaid items	-	138,451
1000	Total Assets	<u>\$ 5,233</u>	<u>\$ 5,552,404</u>
Liabilities and Fund Balances			
Liabilities:			
Current Liabilities:			
2110	Accounts payable	\$ -	\$ 127,513
2150	Payroll deduction and withholdings payable	-	47,509
2160	Accrued wages payable	-	299,824
2170	Due to other funds	5,233	1,996,254
2180	Due to other governments	-	122,805
2300	Unearned revenues	-	260,643
2000	Total Liabilities	<u>5,233</u>	<u>2,854,548</u>
Fund Balance:			
Nonspendable:			
3410	Investments in inventories	-	25,215
Restricted:			
3450	Grants	-	1,677,143
Committed:			
3545	Other purposes	-	995,498
3000	Total Fund Balances	<u>-</u>	<u>2,697,856</u>
4000	Total Liabilities and Fund Balances	<u>\$ 5,233</u>	<u>\$ 5,552,404</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2
Page 1 of 8

		211	224	225	226
Data Control Codes		ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	IDEA-Part B, Discretionary
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	160,062	901,200	6,390	352,456
5020	Total Revenues	<u>160,062</u>	<u>901,200</u>	<u>6,390</u>	<u>352,456</u>
Expenditures					
Current:					
0011	Instruction	157,138	849,983	6,390	352,456
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	-	-	-	-
0021	Instructional leadership	2,924	1,396	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and				
	evaluation services	-	49,821	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>160,062</u>	<u>901,200</u>	<u>6,390</u>	<u>352,456</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	-	-
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

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		240	244	255	263
Data Control Codes		National School			
		Breakfast & Lunch Program	Career and Technical - Basic Grant	ESEA Title II, Part A	Title III, Part A
Revenues					
5700	Local, intermediate, and out-of-state	\$ 3,658,951	\$ -	\$ -	\$ -
5800	State program revenues	141,574	-	-	-
5900	Federal program revenues	363,192	40,393	99,907	38,436
5020	Total Revenues	4,163,717	40,393	99,907	38,436
Expenditures					
Current:					
0011	Instruction	-	40,393	-	-
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	-	-	88,935	37,597
0021	Instructional leadership	-	-	10,972	771
0023	School leadership	-	-	-	-
0031	Guidance, counseling and				
	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	3,621,961	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	68
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0081	Facilities acquisition and construction	27,654	-	-	-
6030	Total Expenditures	3,649,615	40,393	99,907	38,436
1100	Excess (deficiency) of revenues over (under) expenditures	514,102	-	-	-
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	-	-
7915	Transfers in	-	-	-	3,359
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources	-	-	-	3,359
1200	Net change in fund balances	514,102	-	-	3,359
0100	Fund Balance - Beginning	987,976	-	-	(3,359)
3000	Fund Balance - Ending	\$ 1,502,078	\$ -	\$ -	\$ -

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

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		279	281	282	283
		Texas COVID Learning Acceleration Supports (TCLAS) - (ESSER III)	Elementary & Secondary School Emergency Relief Fund II (ESSER II)	Elementary & Secondary School Emergency Relief Fund III (ESSER III)	Supplemental Elementary & Secondary School Emergency Relief Fund of the American Rescue Plan Acct of 2021
Data Control Codes					
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	83,509	336,803	279,508	1,650,600
5020	Total Revenues	83,509	336,803	279,508	1,650,600
Expenditures					
Current:					
0011	Instruction	-	246,559	239,826	1,096,247
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	83,509	10,000	48,774	417,785
0021	Instructional leadership	-	34,037	1,705	5,559
0023	School leadership	-	5,064	-	-
0031	Guidance, counseling and				
	evaluation services	-	-	35,112	124,029
0033	Health services	-	28,022	35,113	33,641
0035	Food service	-	-	-	2,913
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	1,009	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	12,111	-	57,620
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	3,091	30,690
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	83,509	336,802	363,621	1,768,484
1100	Excess (deficiency) of revenues over (under) expenditures	-	1	(84,113)	(117,884)
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	84,113	117,884
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources	-	-	84,113	117,884
1200	Net change in fund balances	-	1	-	-
0100	Fund Balance - Beginning	-	(1)	-	-
3000	Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

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		284	285	289	385
Data Control Codes		IDEA-Part B, Formula - ARRA	IDEA-Part B,Preschool - ARPA	Miscellaneous Federal Programs	State Supplemental Visually Impaired (SSVI)
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	3,968
5900	Federal program revenues	221,452	3,386	14,810	-
5020	Total Revenues	<u>221,452</u>	<u>3,386</u>	<u>14,810</u>	<u>3,968</u>
Expenditures					
Current:					
0011	Instruction	150,390	877	1,962	2,918
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	-	590	599	-
0021	Instructional leadership	-	-	203	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and				
	evaluation services	71,062	1,919	6,210	-
0033	Health services	-	-	-	1,050
0035	Food service	-	-	5,836	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>221,452</u>	<u>3,386</u>	<u>14,810</u>	<u>3,968</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	-	-
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	(15,507)	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(15,507)</u>	<u>-</u>
1200	Net change in fund balances	-	-	(15,507)	-
0100	Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>15,507</u>	<u>-</u>
3000	Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

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		392	397	410	426
Data Control Codes		Noneducational Community - Based Support	Advanced Placement Incentives	Instructional Materials Allotment	Texas Educator Excellence Award Grant Program
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	381,953	27,925
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	-	-	381,953	27,925
Expenditures					
Current:					
0011	Instruction	-	-	399,614	7,925
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	-	-	-	20,000
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and				
	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	14,725	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	-	-	414,339	27,925
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	(32,386)	-
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	34,614	-
7915	Transfers in	-	-	-	-
8911	Transfers out	-	(121)	-	-
7080	Total Other Financing Sources	-	(121)	34,614	-
1200	Net change in fund balances	-	(121)	2,228	-
0100	Fund Balance - Beginning	-	121	-	-
3000	Fund Balance - Ending	\$ -	\$ -	\$ 2,228	\$ -

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

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		427	461	481	483
Data Control Codes		State Funded	Campus Activity Funds	San Marcos Civic Foundation	San Marcos Civic Foundation
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ 1,841,215	\$ 33,028	\$ 402,393
5800	State program revenues	183,120	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>183,120</u>	<u>1,841,215</u>	<u>33,028</u>	<u>402,393</u>
Expenditures					
Current:					
0011	Instruction	29,620	525,110	-	61,241
0012	Instruction resources and media services	-	44,068	-	-
	Curriculum and instructional				
0013	staff development	153,500	20,020	19,940	-
0021	Instructional leadership	-	-	13,088	-
0023	School leadership	-	72,523	-	7,000
0031	Guidance, counseling and				
	evaluation services	-	2,419	-	321,234
0033	Health services	-	1,755	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	690,199	-	11,081
0041	General administration	-	14	-	-
0051	Facilities maintenance and operations	-	161,712	-	1,837
0052	Security and monitoring services	-	38,017	-	-
0053	Data processing services	-	17	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>183,120</u>	<u>1,555,854</u>	<u>33,028</u>	<u>402,393</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>285,361</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	-	-
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balances	-	285,361	-	-
0100	Fund Balance - Beginning	<u>-</u>	<u>708,137</u>	<u>1,274</u>	<u>192,811</u>
3000	Fund Balance - Ending	<u>\$ -</u>	<u>\$ 993,498</u>	<u>\$ 1,274</u>	<u>\$ 192,811</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

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		484	486	491	498
Data Control Codes		Locally Funded Grant	Coalition of Essential Schools	DSISD Education Foundation Grant #2	COVID Relief Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 2,933	\$ 2,598	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	<u>2,933</u>	<u>2,598</u>	<u>-</u>	<u>-</u>
Expenditures					
Current:					
0011	Instruction	1,433	598	-	-
0012	Instruction resources and media services	-	-	-	-
	Curriculum and instructional				
0013	staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and				
	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	1,500	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Debt service:					
0071	Principal on long-term debt	-	-	-	-
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>2,933</u>	<u>598</u>	<u>-</u>	<u>-</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)					
7913	Proceeds from SBITAs	-	-	-	-
7915	Transfers in	-	-	579	104
8911	Transfers out	-	-	-	-
7080	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>579</u>	<u>104</u>
1200	Net change in fund balances	-	2,000	579	104
0100	Fund Balance - Beginning	<u>3,967</u>	<u>-</u>	<u>(579)</u>	<u>(104)</u>
3000	Fund Balance - Ending	<u>\$ 3,967</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

Exhibit H-2

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499

Data Control Codes		Locally Funded Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues			
5700	Local, intermediate, and out-of-state	\$ -	\$ 5,941,118
5800	State program revenues	-	738,540
5900	Federal program revenues	-	4,552,104
5020	Total Revenues	-	11,231,762
Expenditures			
Current:			
0011	Instruction	-	4,170,680
0012	Instruction resources and media services	-	44,068
	Curriculum and instructional		
0013	staff development	-	901,249
0021	Instructional leadership	-	70,655
0023	School leadership	-	84,587
0031	Guidance, counseling and		
	evaluation services	-	611,806
0033	Health services	-	99,581
0035	Food service	-	3,630,710
0036	Extracurricular activities	-	702,780
0041	General administration	-	14
0051	Facilities maintenance and operations	-	164,558
0052	Security and monitoring services	-	38,017
0053	Data processing services	-	69,748
0061	Community services	-	68
Debt service:			
0071	Principal on long-term debt	-	48,506
0081	Facilities acquisition and construction	-	27,654
6030	Total Expenditures	-	10,664,681
1100	Excess (deficiency) of revenues		
	over (under) expenditures	-	567,081
Other Financing Sources (Uses)			
7913	Proceeds from SBITAs	-	236,611
7915	Transfers in	-	4,042
8911	Transfers out	(5,233)	(20,861)
7080	Total Other Financing Sources	(5,233)	219,792
1200	Net change in fund balances	(5,233)	786,873
0100	Fund Balance - Beginning	5,233	1,910,983
3000	Fund Balance - Ending	\$ -	\$ 2,697,856

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF PROPRIETARY FUNDS NET POSITION
June 30, 2023

Exhibit H-3

	711	712	715	
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and cash equivalents	\$ 158,813	\$ 530,204	\$ 65,342	\$ 754,359
Receivables:				
Due from other funds	-	260,494	-	260,494
Inventories, at cost	-	4	3,344	3,348
Total Current Assets	<u>158,813</u>	<u>790,702</u>	<u>68,686</u>	<u>1,018,201</u>
Non-current Assets:				
Capital Assets:				
Furniture and equipment	-	15,831	-	15,831
Accumulated depreciation - buildings furniture and equipment	-	(15,831)	-	(15,831)
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 158,813</u>	<u>\$ 790,702</u>	<u>\$ 68,686</u>	<u>\$ 1,018,201</u>
Liabilities and Net Position				
Liabilities				
Current Liabilities:				
Accounts payable	\$ 483	\$ 98,359	\$ -	\$ 98,842
Payroll deductions payable	5,450	730	-	6,180
Accrued wages payable	63,725	12,863	-	76,588
Due to other funds	75,455	-	288	75,743
Unearned revenue	13,700	529,326	-	543,026
Total Current Liabilities	<u>158,813</u>	<u>641,278</u>	<u>288</u>	<u>800,379</u>
Total Liabilities	<u>158,813</u>	<u>641,278</u>	<u>288</u>	<u>800,379</u>
Net Position				
Unrestricted	-	149,424	68,398	217,822
Total Net Position	<u>-</u>	<u>149,424</u>	<u>68,398</u>	<u>217,822</u>
Total Liabilities and Net Position	<u>\$ 158,813</u>	<u>\$ 790,702</u>	<u>\$ 68,686</u>	<u>\$ 1,018,201</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN PROPRIETARY FUNDS NET POSITION
For the Year Ended June 30, 2023
Exhibit H-4

	711	712	715	Total Nonmajor Enterprise Funds
	DSISD Day Care	DSISD Community	DSISD Tiger Shack	
Operating Revenues				
Local and intermediate sources	\$ 386,489	\$ 2,568,550	\$ 65,992	\$ 3,021,031
Total Operating Revenues	<u>386,489</u>	<u>2,568,550</u>	<u>65,992</u>	<u>3,021,031</u>
Operating Expenses				
Payroll costs	656,569	1,289,482	2,877	1,948,928
Purchased and contracted services	2,798	618,718	-	621,516
Supplies and materials	13,408	14,387	40,770	68,565
Other operating expenses	4,002	34,547	4,557	43,106
Debt service	-	2,629	-	2,629
Total Operating Expenses	<u>676,777</u>	<u>1,959,763</u>	<u>48,204</u>	<u>2,684,744</u>
Operating Income (Loss)	(290,288)	608,787	17,788	336,287
Non-Operating Revenues				
Earnings from temp. deposits and investments	-	-	618	618
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>618</u>	<u>618</u>
Income (Loss) before Transfers	(290,288)	608,787	18,406	336,905
Capital Contributions and Transfers				
Transfers in	491,141	95,434	-	586,575
Transfers out	-	(932,151)	-	(932,151)
Total Transfers	<u>491,141</u>	<u>(836,717)</u>	<u>-</u>	<u>(345,576)</u>
Change in Net Position	200,853	(227,930)	18,406	(8,671)
Net Position - Beginning	<u>(200,853)</u>	<u>377,354</u>	<u>49,992</u>	<u>226,493</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 149,424</u>	<u>\$ 68,398</u>	<u>\$ 217,822</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF PROPRIETARY FUNDS CASH FLOWS
For the Year Ended June 30, 2023

Exhibit H-5

	711	712	715	
	DSISD Day Care	DSISD Community Services Fund	DSISD Tiger Shack	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash receipts from services provided	\$ 335,618	\$ 2,670,627	\$ 65,992	\$ 3,072,237
Cash payments to employees	(648,317)	(1,293,100)	-	(1,941,417)
Cash payments to suppliers for goods and services	(19,629)	(897,800)	(48,398)	(965,827)
Net Cash Provided by (Used for) Operating Activities	<u>(332,328)</u>	<u>479,727</u>	<u>17,594</u>	<u>164,993</u>
Cash Flows from Non-Capital Financing Activities:				
Cash payment from other fund	491,141	95,434	-	586,575
Cash payment to other fund	-	(932,151)	-	(932,151)
Net Cash Provided by Non-Capital Financing Activities	<u>491,141</u>	<u>(836,717)</u>	<u>-</u>	<u>(345,576)</u>
Cash Flows from Investing Activities:				
Interest on investments	-	-	618	618
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>618</u>	<u>618</u>
Net Change in Cash and Cash Equivalents	158,813	(356,990)	18,212	(179,965)
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>887,198</u>	<u>47,130</u>	<u>934,328</u>
Cash and Cash Equivalents at End of Year	<u>\$ 158,813</u>	<u>\$ 530,208</u>	<u>\$ 65,342</u>	<u>\$ 754,363</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ (290,288)	\$ 608,787	\$ 17,788	\$ 336,287
Change in Assets and Liabilities				
Decrease (increase) in Due from Other Funds	-	(253,901)	-	(253,901)
Decrease (increase) in Unearned Revenue	740	102,077	-	102,817
Decrease (increase) in Prepaids	96	-	-	96
Increase (decrease) in Accounts payable	483	26,382	(194)	26,671
Increase (decrease) in Accrued Wages Payable	9,698	(1,257)	-	8,441
Increase (decrease) in Interfund Payables	(51,611)	-	-	(51,611)
Increase (decrease) in Payroll Deductions Payable	(1,446)	(2,361)	-	(3,807)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (332,328)</u>	<u>\$ 479,727</u>	<u>\$ 17,594</u>	<u>\$ 164,993</u>

REQUIRED TEA SCHEDULES

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1

Page 1 of 2

	1	2	3	10	20
Last Ten Fiscal Years	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes ¹	Beginning Balance 06/30/22	Current Year's Total Levy
	Maintenance	Debt Service			
2014 and prior	Various	Various	Various	\$ 205,748	\$ -
2015	1.04000	0.48000	\$ 3,082,966,184	46,042	-
2016	1.04000	0.48000	3,439,934,671	64,551	-
2017	1.17000	0.35000	3,874,449,013	83,131	-
2018	1.17000	0.35000	4,345,229,079	(150,569)	-
2019	1.17000	0.35000	4,831,946,579	731,927	-
2019	1.06830	0.35000	5,604,874,990	(283,277)	-
2020	0.98320	0.35000	6,532,274,210	212,361	-
2022	0.96030	0.35000	7,498,830,032	1,162,751	-
2023	0.94290	0.35000	9,496,489,520	-	122,780,113
1000 Totals				<u>\$ 2,072,665</u>	<u>\$ 122,780,113</u>

8000 - Taxes refunded under Section 26.115(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87-2

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

¹ Assessed Valuations are adjusted for tax freeze amounts as defined by The Texas Education Agency.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2023

Exhibit J-1
Page 2 of 2

	31	32	40	50
Last Ten	Maintenance	Debt Service	Entire	Ending
Fiscal Years	Total	Total	Year's	Balance
	Collections	Collections	Adjustments	06/30/23
2014 and prior	\$ 4,781	\$ 1,839	\$ -	\$ 199,128
2015	408	188	-	45,446
2016	381	174	1,089	65,085
2017	338	101	559	83,251
2018	(572)	(179)	(1,881)	(151,699)
2019	6,461	1,911	(12,008)	711,547
2019	29,991	9,814	(3,915)	(326,997)
2020	6,232	2,162	(57,598)	146,369
2022	464,108	168,870	(250,128)	279,645
2023	<u>88,502,460</u>	<u>32,844,679</u>	<u>64,835</u>	<u>1,497,809</u>
1000 Totals	<u>\$ 89,014,588</u>	<u>\$ 33,029,559</u>	<u>\$ (259,047)</u>	<u>\$ 2,549,584</u>
	<u>\$ 17,351</u>			

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended June 30, 2023

Exhibit J-2

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local, Intermediate, and Out-of-State	\$ 2,655,000	\$ 3,704,325	\$ 3,658,951	\$ (45,374)
State Program Revenues	88,293	103,774	141,574	37,800
Federal Program Revenues	515,000	515,000	363,192	(151,808)
Total Revenues	3,258,293	4,323,099	4,163,717	(159,382)
Expenditures				
Current:				
Food Services	3,317,800	4,038,037	3,621,961	416,076
Facilities Acquisition and Construction	-	27,654	27,654	-
Total Expenditures	3,317,800	4,065,691	3,649,615	416,076
Excess (deficiency) of revenues over expenditures	(59,507)	257,408	514,102	256,694
Other Financing Sources (Uses)				
Transfers In	-	497	-	(497)
Other Financing Sources (Uses)	-	497	-	(497)
Increase (Decrease) in Fund Balance	(59,507)	257,905	514,102	256,197
Fund Balance - Beginning	987,976	987,976	987,976	-
Fund Balance - Ending	\$ 928,469	\$ 1,245,881	\$ 1,502,078	\$ 256,197

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2023

Exhibit J-3

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local, Intermediate, and Out-of-State	\$ 32,138,007	\$ 34,158,007	\$ 34,180,884	\$ 22,877
State Program Revenues	207,903	207,903	476,513	268,610
Total Revenues	<u>32,345,910</u>	<u>34,365,910</u>	<u>34,657,397</u>	<u>291,487</u>
Expenditures				
Current:				
Debt Service:				
Principal on long-term debt	8,420,700	19,420,700	19,790,000	(369,300)
Interest on long-term debt	11,279,160	11,279,160	10,299,109	980,051
Bond issuance costs and fees	15,000	15,000	372,084	(357,084)
Total Expenditures	<u>19,714,860</u>	<u>30,714,860</u>	<u>30,461,193</u>	<u>253,667</u>
 Increase (Decrease) in Fund Balance	 12,631,050	 3,651,050	 4,196,204	 545,154
 Fund Balance - Beginning	 <u>18,895,891</u>	 <u>18,895,891</u>	 <u>18,895,891</u>	 <u>-</u>
Fund Balance - Ending	<u>\$ 31,526,941</u>	<u>\$ 22,546,941</u>	<u>\$ 23,092,095</u>	<u>\$ 545,154</u>

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT*Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES****For the Year Ended June 30, 2023**

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$ 1,052,744
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 610,855
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 250,660
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 143,820

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2023

Exhibit L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	
	(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$5,631,991

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Dripping Springs Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dripping Springs 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 October 18, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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*.

To the Board of Trustees
Dripping Springs 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.

Whitley Penn LLP

Austin, Texas
October 18, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Dripping Springs Independent School District

Report on Compliance for Each Major Federal Program

Opinion On Each Major Program

We have audited Dripping Springs Independent School District’s (the “District”) compliance with the types of compliance requirements described 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’s 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. 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.

To the Board of Trustees
Dripping Springs Independent School District

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
October 18, 2023

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****For the Year Ended June 30, 2023****I. Summary of Auditors' Results****Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that is not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Numbers
<u>U.S. Department of Education</u>	
<i>Special Education Cluster</i>	
<i>IDEA - Part B, Formula</i>	84.027A
<i>IDEA - Part B, Formula - ARP</i>	84.027X
<i>IDEA - Part B, Preschool</i>	84.173A
<i>IDEA - Part B, Preschool - ARP</i>	84.173X
<i>IDEA-B Discretionary Residential</i>	84.027A
<i>COVID - 19 - ESSER II CRRSA Grant</i>	84.425D
<i>COVID - 19 - ESSER III ARP Grant</i>	84.425U
<i>COVID - 19 - ESSER III SUPPLEMENTAL Grant</i>	84.425U
<i>COVID - 19 - ESSER III TCLAS Grant</i>	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2023

II. Financial Statement Findings

None reported

III. Federal Awards Findings and Questioned Costs

None reported

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Exhibit K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass- Through Grantor/ Program Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Education			
Passed Through Texas Education Agency:			
ESEA Title I, Part A - Improving Basic Programs YR 2 (21-22)	84.010A	22610101105904	\$ 806
ESEA Title I, Part A - Improving Basic Programs YR 3 (22-23)	84.010A	23610101105904	193,370
Total ALN 84.010			194,176
IDEA - Part B, Formula YR 2 (21-22)	84.027A	226600011059046600	76,970
IDEA - Part B, Formula YR 3 (22-23)	84.027A	236600011059046600	833,249
IDEA - Part B, Formula-ARP YR 2 (21-22)	84.027X	225350011059045350	13,794
IDEA - Part B, Formula-ARP YR 3 (22-23)	84.027X	225350021059045350	208,316
IDEA - Part B, Preschool YR 2 (21-22)	84.173A	226610011059046610	5,386
IDEA - Part B, Preschool YR 3 (22-23)	84.173A	236610011059046610	1,392
IDEA - Part B, Preschool-ARP YR 2 (21-22)	84.173X	225360011059045360	1,920
IDEA - Part B, Preschool-ARP YR 3 (22-23)	84.173X	225360021059045360	1,466
IDEA-B Discretionary Residential YR 3 (22-23)	84.027A	66002312	352,456
Total Special Education Cluster, IDEA (ALN 84.027, 84.173)			1,494,949
Career and Technology - Basic Grant YR 3 (22-23)	84.048A	23420006105904	41,550
ESEA Title III, Part A - ELA YR 2 (21-22)	84.365A	22671001105904	187
ESEA Title III, Part A - ELA YR 3 (22-23)	84.365A	23671001105904	41,296
Total ALN 84.365			41,483
ESEA Title II, Part A - Supporting Effective Instruction YR 2 (21-22)	84.367A	22694501105904	16,596
ESEA Title II, Part A - Supporting Effective Instruction YR 3 (22-23)	84.367A	23694501105904	90,050
Total ALN 84.367			106,646
LEP Summer School	84.369A	69552102	5,836
ESEA Title IV, Part A - Student Support Academic Enrichment YR 1 (22-23)	84.424A	236810105904	9,423
COVID - 19 - ESSER II CRRSA Grant	84.425D	21521001105904	413,781
COVID - 19 - ESSER III ARP Grant	84.425U	21528001105904	318,144
COVID - 19 - ESSER III SUPPLEMENTAL Grant	84.425U	21528043105904	1,946,314
COVID - 19 - ESSER III TCLAS Grant	84.425U	21528042105904	99,384
Total ALN 84.425			2,777,623
Total U. S. Department of Education			4,671,686
U. S. Department of Agriculture			
Passed Through Texas Education Agency - Cash Assistance:			
School Breakfast Program	10.553	71402301	53,050
Passed Through State Department of Agriculture - Non- Cash Assistance:			
National School Lunch Program	10.555	806780706	166,715
Passed Through Texas Education Agency - Cash Assistance:			
National School Lunch Program	10.555	71302301	429,895
Total Child Nutrition Cluster (ALN 10.553, 10.555)			649,660
Total U. S. Department of Agriculture			649,660
Total Expenditures of Federal Awards			\$ 5,321,346

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General, Special Revenue, and Capital Projects Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for 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. Generally, unused balances are returned to the grantor at the close of specified project periods. Negative amounts shown on the Schedule of Expenditure of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following table reconciles expenditures per the Schedule of Expenditures of Federal Awards to the federal program revenues per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

Total expenditures of federal awards per Exhibit K- 1	\$ 5,321,346
General fund - federal revenue:	
SHARS	392,755
E- Rate	42,666
Total federal revenues per Exhibit C- 2	<u>\$ 5,756,767</u>

Note 4 – General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

SHARS	\$ 392,755
E-Rate	<u>42,666</u>
	<u>435,421</u>
Indirect Costs:	
ESEA Title I Part A - Improving Basic Programs	34,114
IDEA B - Formula	9,019
IDEA B - Formula - ARP	658
IDEA B - Preschool	388
Career and Technology - Basic Grant	1,157
Title III, Part A - ELA	3,047
Title II, Part A - Teacher and Principal Training and Recruiting	6,739
COVID - 19 - ESSER II CRRSA Grant	76,978
COVID - 19 - ESSER III ARP Grant	38,636
COVID - 19 - ESSER III SUPPLEMENTAL Grant	295,714
COVID - 19 - ESSER III TCLAS Grant	15,875
Title IV, Part A, Subpart 1	449
School Breakfast Program (SSO)	31,467
National School Lunch Program (SSO)	<u>255,001</u>
Total Indirect Costs	<u>769,242</u>
	<u><u>\$ 1,204,663</u></u>

Note 5 – Indirect Cost Rate

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

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

The Summary Schedule of Prior Audit Findings for the year ended June 30, 2023 has been prepared to address these responsibilities.

I. Prior Audit Findings

Finding 2022-001 Expenditures in Excess of Appropriations

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Finding Summary: Preparation of the final budget amendment did not adequately anticipate expenditures to be accrued after year end, which resulted in expenditures exceeding appropriations.

Current Status: The prior finding has been corrected.

DRIPPING SPRINGS INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

The Corrective Action Plan for the year ended June 30, 2023 has been prepared to address these requirements.

I. Corrective Action Plan

Not Applicable.