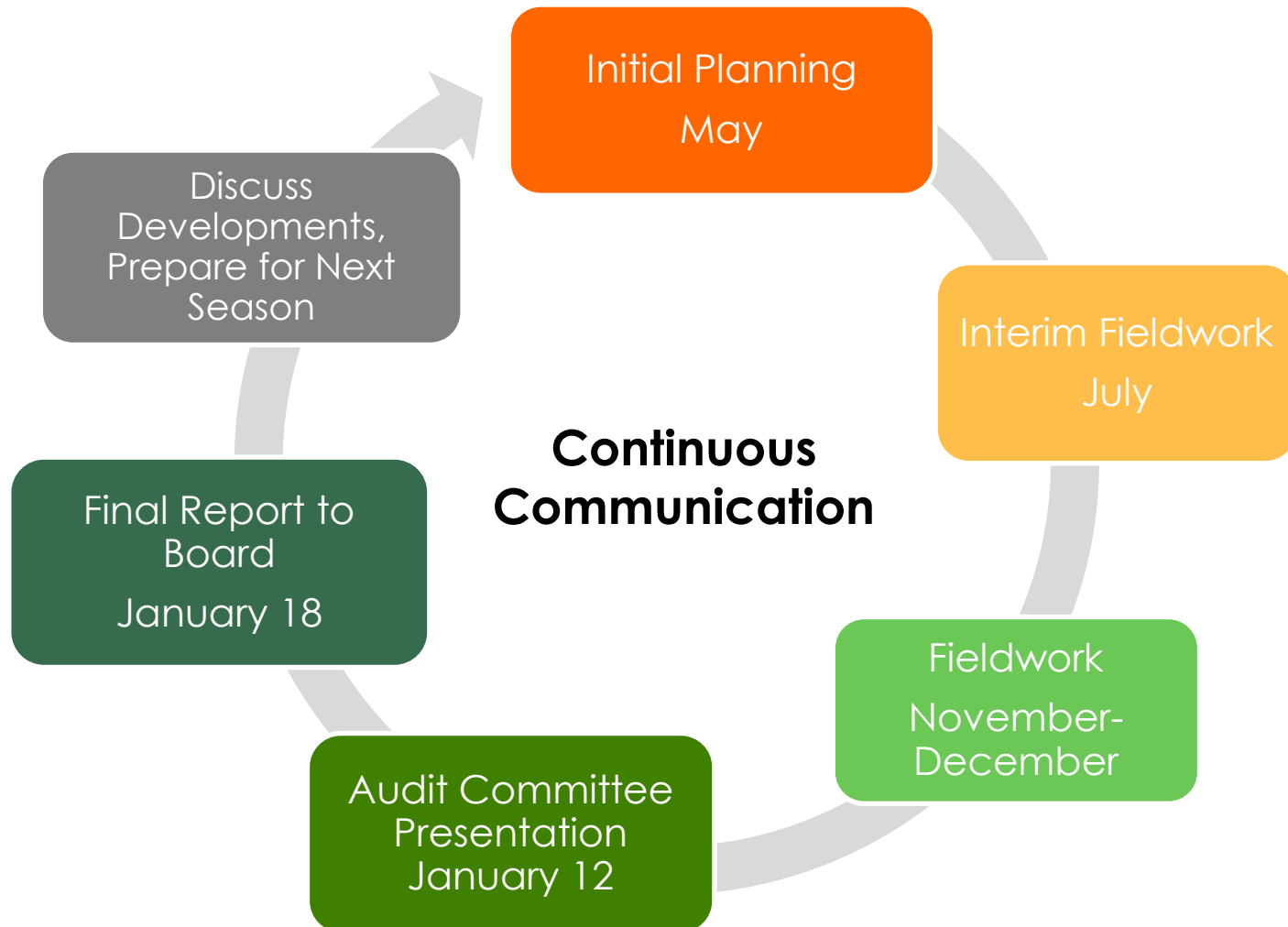


Conroe Independent School District

Audit Committee – January 12, 2022



Audit Timeline



Single Audit

- Two components: **Financial Statements** and **Federal Awards**
- **Financial Statement Audit**
 - Performed in accordance with *Generally Accepted Auditing Standards (GAAS)* and *Generally Accepted Government Auditing Standards (GAGAS)*
 - Included tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements affecting the financial statements
- **Federal Awards**
 - Single audit of federal awards performed in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*

Financial Statement Audit

1. Independent Auditor's Report on the Financial Statements

- Opinion on the fair presentation of the financial statements in accordance with generally accepted accounting principles

2. Government Auditing Standards (Yellow Book) Report on Internal Control Over Financial Reporting and Compliance and Other Matters

- Describes the scope and results of our testing of internal controls over financial reporting and compliance in relation to the financial statements

Federal Awards

3. Uniform Guidance (Single Audit) Report on Compliance for each Major Program and on Internal Control over Compliance

- Opinion on compliance for major programs
- Describes the scope and results of our testing of internal controls over compliance for major programs

Audit Results

Audit Results: Financial Statements

1) Report on the financial statements:

➤ Type of report issued: **Unmodified**

2) Report on internal control over financial reporting and compliance:

➤ Material weakness(es) identified? **No**

➤ Significant deficiencies that are not material weaknesses? **None reported**

➤ Noncompliance material to financial statements noted? **No**

Audit Results: Federal Awards

3) Report on compliance for major programs and internal control over compliance:

- | | |
|--|---------------|
| ➤ Type of report issued: | Unmodified |
| ➤ Material weakness(es) identified? | No |
| ➤ Significant deficiencies that are not material weaknesses? | None reported |
| ➤ Any audit findings required to be reported under 2 CFR 200.516(a)? | No |

Major Programs:

- Child Nutrition Cluster
- COVID 19 – ESSER (84.425)
- COVID 19 – Coronavirus Relief Fund (21.019)

- Major program total expenditures = \$58.1 million, **70%** of total federal expenditures (\$82.5 million)

Other matters

- No material misstatements were identified as a result of our audit procedures
- No transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus
- No difficulties or disagreements arose during the course of our audit
- No impairments to our independence
 - “Nonaudit” services: Internal Audit assistance, preparation of notes to the Schedule of Expenditures of Federal Awards

Overview of the Financial Statements

Note: GASB 98, *The Annual Comprehensive Financial Report*

C.A.F.R. → A.C.F.R.

Statement of Net Position

(pg 12)

Comparative balances as of August 31, 2021 and 2020:

	<u>August 31, 2021</u>	<u>August 31, 2020</u>
Cash and investments	\$ 483,973,859	\$ 390,882,678
Capital assets (net)	1,456,727,828	1,353,861,890
Outstanding bonds (net of premium)	(1,531,852,497)	(1,424,833,695)
OPEB (net)	(245,391,823)	(248,965,163)
Pension (net)	(124,155,251)	(110,761,063)
Other assets and liabilities (net)	(52,078,126)	(16,930,095)
Total net position	<u>\$ (12,776,010)</u>	<u>\$ (56,745,448)</u>

- Increase in net position: \$44 m
- + Increase in cash and investments \$93 m
- Increase in OPEB and pension (net): (\$10 m)
- Increase in net deferred gain on refunding: (\$25 m)

Net Position – Comparison:

	<u>August 31, 2021</u>	<u>August 31, 2020</u>
Unrestricted net position	\$ (217,043,088)	\$ (234,695,117)
Total net position	\$ (12,776,010)	\$ (56,745,448)

Excluding OPEB and Pension:

Unrestricted net position	\$ 152,503,986	\$ 125,031,109
Total net position	\$ 356,771,064	\$ 302,980,778

- Increase in net position:
 - Including OPEB and pension: \$44 m
 - Excluding OPEB and pension: \$54 m

CONROE INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION AUGUST 31, 2021

Data Control Codes		Governmental Activities
	ASSETS	
	Current assets:	
1110	Cash and cash equivalents	\$ 13,843,147
1120	Current investments	440,719,989
1220	Property taxes receivable	10,953,258
1230	Allowance for uncollectible	(1,793,303)
1240	Due from other governments	20,207,838
1250	Accrued interest	185,253
1290	Other receivables	603,046
1310	Inventories	5,778,966
	Total current and other assets	490,498,194
	Noncurrent assets:	
	Capital assets:	
1510	Land	78,271,616
1520	Building and improvements - net of depreciation	1,316,397,012
1530	Furniture and equipment - net of depreciation	25,287,346
1580	Construction in Progress	36,771,854
	Total capital assets (net)	1,466,727,828
1910	Long-term investments	29,410,723
	Total noncurrent assets	1,486,138,551
1000	Total assets	1,976,636,745
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred loss on issuance of refunding bonds	20,926,460
1705	Deferred resources outflow related to net pension liability	68,780,394
1706	Deferred resources outflow related to net OPEB liability	40,509,902
	Total deferred outflows of resources	130,216,756
	Total assets and deferred outflows of resources	2,106,853,501
	LIABILITIES	
	Current liabilities:	
2110	Accounts payable	38,077,074
2140	Interest payable	2,538,662
2150	Payroll deductions and withholdings payable	4,470,917
2160	Accrued wages payable	46,386,849
2300	Unearned revenue	1,039,494
	Total current liabilities	92,512,996
	Noncurrent liabilities:	
2501	Noncurrent liabilities due within one year	60,680,681
2502	Noncurrent liabilities due in more than one year	1,471,427,314
2540	Net pension liability	165,523,063
2545	Net OPEB liability	162,575,489
	Total noncurrent liabilities	1,860,206,547
2000	Total liabilities	1,952,719,533
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred gain on issuance of refunding bonds	16,171,160
2605	Deferred resource inflow related to net pension liability	27,412,582
2606	Deferred resource inflow related to net OPEB liability	123,326,236
	Total deferred inflows of resources	166,909,978
	Total liabilities and deferred inflows of resources	2,119,629,511
	NET POSITION	
3200	Net investment in capital assets	182,950,529
	Restricted for:	
3820	Federal and state programs	191,298
3820	Food services	3,430,877
3850	Debt service	17,694,374
3900	Unrestricted	(217,043,088)
	Total net position	\$ (12,776,010)

Statement of Activities

(pg 13)

Comparative – years ended August 31, 2021 and 2020:

	August 31, 2021	August 31, 2020
General Revenues	\$ 673,551,973	\$ 629,684,560
Program Revenues:		
Charges for Services	4,122,106	8,489,531
Operating Grants and Contributions	105,371,071	104,132,379
Expenses	(739,075,712)	(730,581,396)
Change in Net Position	\$ 43,969,438	\$ 11,725,074
Pension and OPEB expense (net)	\$ (9,820,848)	\$ (30,521,276)
Change in Net Position	\$ 53,790,286	\$ 42,246,350

Increase: \$ 11 m

- Increase in federal awards: \$42 m
 - Increase in payroll expenses: (\$27 m)
 - Decrease in charges for services: (\$4 m)
- \$11 m

CONROE INDEPENDENT SCHOOL DISTRICT STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Code		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 414,943,046	\$ 300,451	\$ 50,858,874	\$ (363,983,721)
12	Instructional Resources and Media Services	9,378,978	-	404,059	(8,974,919)
13	Curriculum and Staff Development	15,693,919	-	7,153,064	(8,540,855)
21	Instructional Leadership	6,183,704	-	654,359	(5,529,345)
23	School Leadership	38,224,820	-	2,778,154	(35,446,666)
31	Guidance and Counseling	28,540,607	-	8,357,306	(20,182,801)
32	Social Work Services	1,081,307	-	349,174	(732,133)
33	Health Services	7,186,545	-	654,907	(6,511,638)
34	Student (Pupil) Transportation	29,870,314	-	8,575,365	(21,294,949)
35	Food Services	21,774,573	2,079,462	19,162,613	(532,498)
36	Cocurricular/Extra-curricular Activities	17,115,115	887,784	564,572	(15,662,759)
41	General Administration	9,653,437	-	559,482	(9,093,955)
51	Plant Maintenance and Operations	64,256,760	854,409	3,654,559	(59,747,792)
52	Security and Monitoring Services	10,183,036	-	960,282	(9,222,754)
53	Data Processing Services	12,040,536	-	724,286	(11,316,250)
61	Ancillary Services	167,554	-	161,515	(6,039)
71	Debt Service - Interest and Fees	48,929,881	-	-	(48,929,881)
99	Tax Appraisal and Collection	3,871,780	-	-	(3,871,780)
	TOTAL PRIMARY GOVERNMENT:	\$ 739,075,712	\$ 4,122,106	\$ 105,371,071	(629,582,535)

Data Control Code			
	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes		380,201,355
DT	Property taxes, levied for debt service		103,519,287
SF	State aid-grants and contributions not restricted to specific programs		150,584,281
GC	Grants, contributions, and other not restricted to specific programs		21,729,262
IE	Investment earnings		932,879
S1	SHARS/MAC		8,199,309
S2	Gain on sale of Land		4,246,308
MI	Miscellaneous		4,139,292
TR	Total general revenues		673,551,973
CN	Change in net position		43,969,438
NB	Beginning net position		(56,745,448)
NE	Net position—ending		\$ (12,776,010)

Governmental Funds – Balance Sheet (pg 14)

General Fund

Balances as of August 31, 2021:

Total fund balance	\$ 181,095,089
Unassigned fund balance	\$ 171,399,200
Unassigned/Total	94.6%

Comparative - August 31, 2020:

Total fund balance	\$ 163,944,773
Unassigned fund balance	\$ 153,677,343
Unassigned/Total	93.7%

CONROE INDEPENDENT SCHOOL DISTRICT BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2021

Data Control Codes	General Fund
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,950,353
1120 Current Investments	183,635,400
1220 Property Taxes - Delinquent	8,685,951
1230 Allowance for Uncollectible Taxes	(1,499,987)
1240 Due From TEA	5,474,319
1250 Accrued Interest	185,253
1260 Due From Other Funds	11,287,754
1290 Sundry Receivables	210,459
1310 Inventories, at Cost	5,054,008
1910 Long-Term Investments	29,410,723
1000 Total Assets	\$ 245,394,233
LIABILITIES	
2110 Accounts Payable	\$ 5,971,642
2150 Payroll Deductions and Withholdings Payable	4,470,917
2160 Accrued Wages Payable	45,668,729
2170 Due to Other Funds	1,748,878
2300 Unearned Revenue	-
2000 Total Liabilities	57,860,166
DEFERRED INFLOWS OF RESOURCES	
2601 Deferred Property Taxes	6,438,978
2600 Total deferred inflows of resources	6,438,978
FUND BALANCES	
Nonspendable:	
3410 Inventory	5,054,008
Restricted for:	
3480 Debt Service	-
3470 Capital Expenditures	-
3450 Food Service Operations	-
3450 Grant Operations	-
Committed to:	
3500 Technology & Food Service	-
3545 Other Purposes	-
Assigned to:	
3590 Other Purposes	4,641,881
3600 Unassigned:	171,399,200
3000 Total Fund Balances	181,095,089
4000 Total Liabilities, Deferred Inflows and Fund Balances	\$ 245,394,233

Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances (pg 18)

General Fund

Balances for year ended August 31, 2021:

Expenditures	\$ 553,318,977
Net change in fund balance	\$ 17,150,316

Unassigned fund balance/ Expenditures	31.0%
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Comparative - August 31, 2020:

Expenditures	\$ 529,870,538
Net change in fund balance	\$ 23,861,731

Unassigned fund balance/ Expenditures	29.0%
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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Codes		General Fund
REVENUES		
5700	Total Local and Intermediate Sources	\$ 384,716,660
5800	State Program Revenues	186,249,062
5900	Federal Program Revenues	29,928,571
5020	Total Revenues	600,894,293
EXPENDITURES		
Current:		
0011	Instruction	345,728,672
0012	Instructional Resources & Media Service	6,012,183
0013	Curriculum & Instructional Staff Development	8,073,635
0021	Instructional Administration	5,705,252
0023	School Administration	36,498,112
0031	Guidance and Counseling	20,213,609
0032	Social Work Services	746,272
0033	Health Services	6,657,892
0034	Student (Pupil) Transportation	27,131,666
0035	Food Services	-
0036	Cocurricular/Extracurricular Activities	11,766,399
0041	General Administration	9,097,114
0051	Plant Maintenance and Operations	55,719,815
0052	Security and Monitoring Services	8,373,195
0053	Data Processing Services	7,506,404
0061	Ancillary Services	5,503
0070	Debt Service:	
0071	Principal	-
0072	Interest	-
0073	Bond Issuance Cost and Fees	-
0081	Facilities Acquisition and Construction	211,474
0099	Other Intergovernmental Charges	3,871,780
6030	Total Expenditures	553,318,977
1100	Excess of Revenues Over (Under) Expenditures	47,575,316
OTHER FINANCING SOURCES AND (USES)		
7901	Refunding Bonds Issued	-
7911	Capital-Related Debt Issuance	-
7912	Sale of Real Property	-
7916	Premium or Discount on Issuance of Bonds	-
7915	Transfers in	-
8911	Transfers out	(30,425,000)
8940	Payment to Bond Refunding Escrow Agent	-
7080	Total Other Financing Sources and (Uses)	(30,425,000)
1200	Net Change in Fund Balances	17,150,316
0100	Fund Balance - September 1	163,944,773
3000	Fund Balance - August 31	\$ 181,095,089

Notes to Financial Statements

NOTE 1 – Summary of Significant Accounting Policies (page 27)

NOTE 2 – Deposits (Cash) and Investments (page 35)

NOTE 5 – Capital Assets (page 41)

NOTE 8 – Long-term Debt and Debt Service (page 42)

NOTE 13 – Pension (page 46)

NOTE 14 – OPEB (page 51)

Notes to Financial Statements

- Continued

NOTE 13 – Pension (page 50)

- Pension – significant estimate
- Discount rate sensitivity analysis

G. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 Net Pension Liability.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$255,233,601	\$165,523,063	\$92,635,216

NOTE 14 – OPEB (page 54)

- OPEB – significant estimate
- Discount rate and healthcare cost trend rate sensitivity analyses

G. Rate Sensitivity of the Net OPEB Liability

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 (2.33%) in measuring the net OPEB liability.

	1% Decrease (1.33%)	Current Discount Rate (2.33%)	1% Increase (3.33%)
TRS-CARE	\$ 195,090,215	\$ 162,575,489	\$ 136,893,522

The following schedule shows the impact of the Net OPEB Liability if the healthcare cost trend rate used was 1% less than and 1% greater than the healthcare cost trend rate that was used in measuring the Net OPEB Liability.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
TRS-CARE	\$ 132,803,345	\$ 162,575,489	\$ 202,227,776

Other significant accounting estimates



- Incurred but not reported (IBNR) insurance claims
- State funding revenues
- Allowance for uncollectible property taxes

- Basis for estimates:
 - Third parties – TEA, actuaries, specialists (pension, OPEB, IBNR, state funding)
 - Historical experience (allowance for uncollectible property taxes)

Required Supplementary Information: Budget and Actual – General Fund (pg 60)



Variances for year ended August 31, 2021:

Revenues	\$ 3,355,465 (under)
Expenditures	\$ 29,778,436 (under)
Net change in fund balance	\$ 26,422,971 (over)

Comparative - August 31, 2020:

Revenues	\$ 1,290,560 (over)
Expenditures	\$ 27,917,574 (under)
Net change in fund balance	\$ 29,208,134 (over)

CONROE INDEPENDENT SCHOOL DISTRICT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED AUGUST 31, 2021 WITH COMPARATIVE ACTUAL AMOUNT FOR 2020					
Data Control Codes	General Fund				2020 Actual Amounts
	Original Budget	Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	
REVENUES					
5700 Local and Intermediate Sources	\$ 390,060,886	\$ 390,123,822	\$ 384,716,860	\$ (5,407,162)	\$ 377,849,737
5800 State Program Revenues	192,396,874	192,396,874	186,249,062	(6,147,812)	181,583,895
5900 Federal Program Revenues	-	21,729,262	29,828,571	8,199,309	4,723,637
Total Revenues	582,457,360	604,249,758	600,894,293	(3,355,465)	564,157,269
EXPENDITURES					
0011 Instruction	362,878,566	362,031,325	345,728,872	16,302,653	333,145,654
0012 Instruction Resources and Media Services	6,158,978	6,441,535	6,012,183	429,352	5,857,554
0013 Curriculum and Instructional Staff Development	5,751,571	8,606,534	8,073,635	532,899	6,647,305
0021 Instructional Administration	5,447,922	6,487,839	5,705,252	782,387	4,804,826
0023 School Administration	35,437,365	37,066,243	36,498,112	568,131	35,251,067
0031 Guidance and Counseling Services	18,720,725	20,823,818	20,213,809	610,009	18,533,077
0032 Social Work Service	801,850	824,411	746,272	78,139	706,705
0033 Health Services	6,035,329	7,702,514	6,657,892	1,044,622	6,356,178
0034 Student (Pupil) Transportation	29,797,370	29,574,620	27,131,666	2,442,954	25,632,602
0036 Co-curricular/Extracurricular Activities	11,936,881	12,572,292	11,766,399	805,893	11,530,322
0041 General Administration	9,174,541	10,060,222	9,097,114	963,108	8,956,343
0051 Plant Maintenance and Operations	55,149,337	58,802,667	55,719,815	3,082,852	52,190,713
0052 Security and Monitoring Services	8,448,224	8,755,822	8,373,195	382,627	7,864,299
0053 Data Processing Services	7,332,907	8,616,248	7,506,404	1,109,844	7,441,977
0061 Community Services	18,860	25,330	5,503	19,827	3,040
0081 Facilities Acquisition and Construction	-	806,393	211,474	594,919	1,101,789
0099 Other Intergovernmental Charges	3,900,000	3,900,000	3,871,780	28,220	3,847,087
6030 Total Expenditures	566,990,426	583,097,413	553,318,977	29,778,436	529,870,538
1100 Excess of Revenues Over (Under) Expenditures	15,466,934	21,152,345	47,575,316	26,422,971	34,286,731
OTHER FINANCING SOURCES (USES)					
Other Sources (Uses)	(10,000,000)	(30,425,000)	(30,425,000)	-	(10,425,000)
Total Other Financing Sources and (Uses)	(10,000,000)	(30,425,000)	(30,425,000)	-	(10,425,000)
Net Change in Fund Balance	5,466,934	(9,272,655)	17,150,316	26,422,971	23,861,731
FUND BALANCE - SEPTEMBER 1	163,944,773	163,944,773	163,944,773	-	140,083,042
FUND BALANCE - AUGUST 31	\$ 169,411,707	\$ 154,672,118	\$ 181,095,089	\$ 26,422,971	\$ 163,944,773

Other Required Supplementary Information:

- Pension and OPEB schedules – pages 62 through 67

Other Supplementary Information:

- Combining and individual nonmajor fund statements and schedules, schedules of long-term debt, delinquent taxes receivable – pages 74 through 96

Statistical Section:

- Financial and operating trends and information, demographic and economic information – pages 98 through 141

New Accounting Standard

GASB Statement No. 84 – *Fiduciary Activities*

Adopted for fiscal year ending August 31, 2021

Statement No. 84 – Fiduciary Activities



Prior (2020) Fiduciary Fund Financial Statements

**CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL FIDUCIARY FUNDS
AUGUST 31, 2020**

<u>Data Control Code</u>		<u>Agency Funds August 31, 2020</u>
ASSETS		
1110	Cash and Cash Equivalents	\$ 6,952,114
1290	Sundry Receivables	360,832
	Total Assets	<u>\$ 7,312,946</u>
LIABILITIES		
2170	Due to Other Funds	\$ 22,915
2190	Due to Student Groups	7,290,031
	Total Liabilities	<u>\$ 7,312,946</u>

See Notes to the Basic Financial Statements.

**CONROE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY ASSETS
ALL AGENCY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2020**

<u>Data Control Codes</u>		<u>Balance September 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance August 31, 2020</u>
STUDENT ACTIVITY FUND:					
ASSETS					
1110	Cash and Cash Equivalents	\$ 7,034,551	\$ 12,438,895	\$ 12,521,332	\$ 6,952,114
1290	Sundry Receivables	21,359	339,473	-	360,832
	Total Assets	<u>\$ 7,055,910</u>	<u>\$ 12,778,368</u>	<u>\$ 12,521,332</u>	<u>\$ 7,312,946</u>
LIABILITIES					
2170	Due to Other Funds	\$ -	\$ 22,915		\$ 22,915
2190	Due to Student Groups	7,055,910	12,755,453	12,521,332	7,290,031
	Total Liabilities	<u>\$ 7,055,910</u>	<u>\$ 12,778,368</u>	<u>\$ 12,521,332</u>	<u>\$ 7,312,946</u>

Statement No. 84 – Fiduciary Activities



Current (2021) Fiduciary Fund Financial Statements

CONROE INDEPENDENT SCHOOL DISTRICT STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND AUGUST 31, 2021

Data Control Code		Custodial Funds August 31, 2021
ASSETS		
1110	Cash and Cash Equivalents	\$ 7,993,341
1290	Sundry Receivables	34,765
	Total Assets	<u>8,028,106</u>
LIABILITIES		
2110	Accounts Payable	3,767
	Total Liabilities	<u>3,767</u>
NET POSITION		
3800	Restricted for Student Clubs/Organizations & Teacher Groups	8,024,339
	Total Net Position	<u>\$ 8,024,339</u>

See Notes to the Basic Financial Statements.

CONROE INDEPENDENT SCHOOL DISTRICT STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED AUGUST 31, 2021

Data Control Code		Custodial Funds
ADDITIONS		
Dues and Contributions:		
5700	Student Clubs/Organizations & Teacher Groups	\$ 7,357,202
	Total Additions	<u>7,357,202</u>
DEDUCTIONS		
6400	Miscellaneous Operating Expenses	6,540,705
	Total Deductions	<u>6,540,705</u>
	Net Increase in Fiduciary Net Position	816,497
NB	Net Position - Beginning	-
PA	Prior Period Adjustment - Implement GASB 84	7,207,842
	Net Position - Beginning, as Restated	<u>7,207,842</u>
NE	Net Position - Ending	<u>\$ 8,024,339</u>

New Accounting Standard

GASB Statement No. 87 – *Leases*

Effective for fiscal year ending August 31, 2022

Statement No. 87 – Leases

- Requires recognition of lease asset and lease liability
 - Current GAAP – lease commitments disclosed only
 - Change – discounted present value of commitments is recognized as a liability on the balance sheet, “right of use” asset capitalized
- Similar to current GAAP “capital lease”
- Applies to all leases, with exception for short-term leases
- Not expected to materially impact most ISDs

Questions?

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