

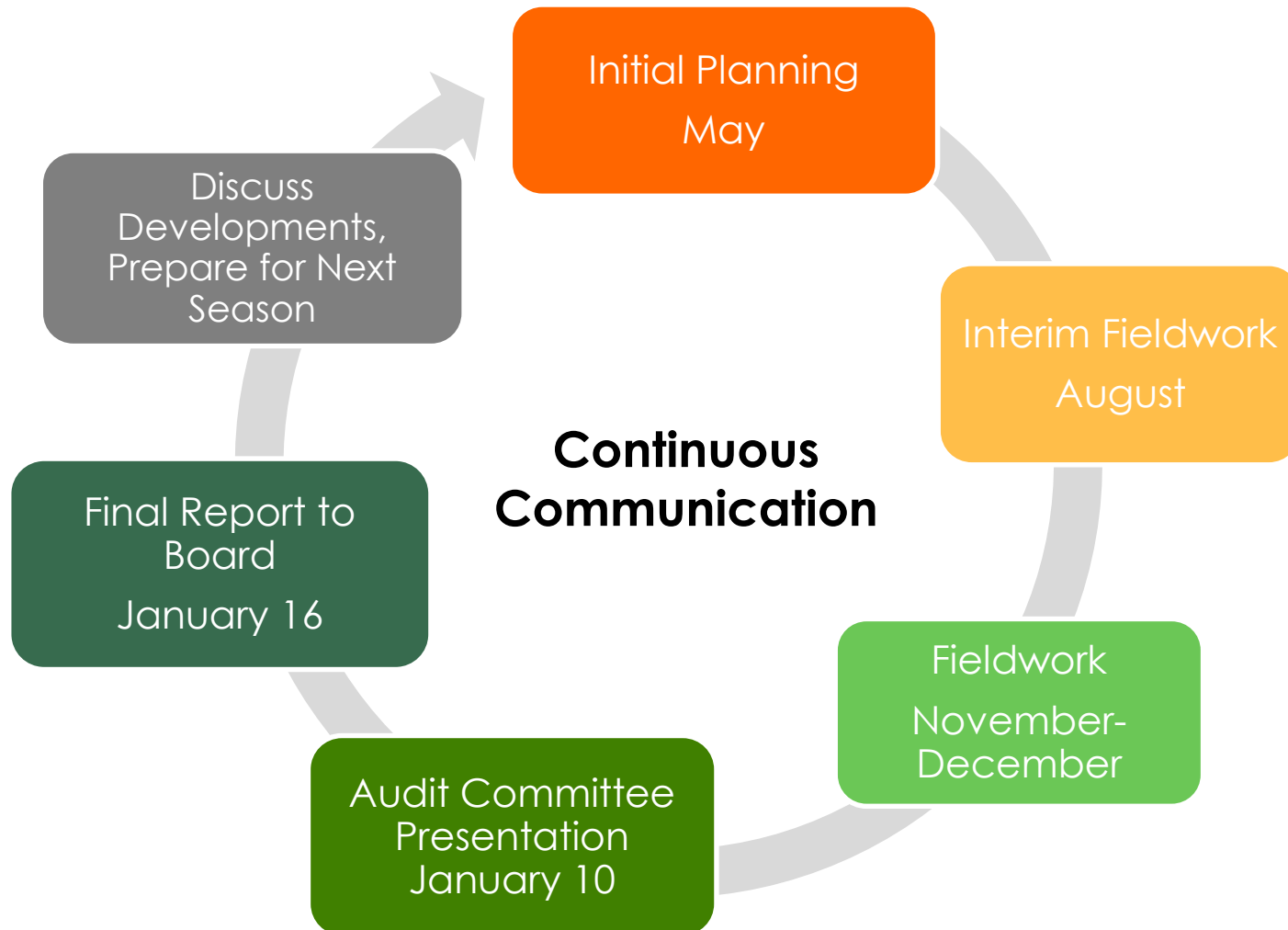
# Conroe Independent School District

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Audit Committee – January 10, 2024



# 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



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# Audit Results

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# 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:                                             | <b>Unmodified</b>    |
| ➤ Material weakness(es) identified?                                  | <b>No</b>            |
| ➤ Significant deficiencies that are not material weaknesses?         | <b>None reported</b> |
| ➤ Any audit findings required to be reported under 2 CFR 200.516(a)? | <b>No</b>            |

### Major Programs:

- ESEA Title I (84.010)
- COVID 19 – ESSER (84.425)
- Major program total expenditures = \$44 million, 50% of total federal expenditures (\$88 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



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# Overview of the Financial Statements

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# Statement of Net Position

(pg 12)

## New accounting standard:

GASB Statement No. 96 –  
*Subscription-Based Information  
 Technology Arrangements (SBITA)*

- Recognition of “right to use assets” and corresponding liabilities for the IT subscription-based asset and future subscription payments

**Net impact = \$1 million**

Data Control Codes		Governmental Activities
	<b>ASSETS</b>	
	<b>Current assets:</b>	
1110	Cash and cash equivalents	\$ 6,488,314
1120	Current Investments	407,321,877
1220	Property taxes receivable	12,622,623
1230	Allowance for uncollectible	(1,972,233)
1240	Due from other governments	44,066,441
1250	Accrued interest	265,445
1290	Other receivables	1,793,771
1293	Lease receivables	871,157
1300	Inventories	4,741,997
1410	Deferred charges	157,500
	Total current and other assets	476,334,892
	<b>Noncurrent assets:</b>	
	<b>Capital assets:</b>	
1510	Land	111,446,235
1520	Building and improvements - net of depreciation	1,624,121,114
1530	Furniture and equipment - net of depreciation	28,272,354
1559	Right to use assets - equipment - net of amortization	327,762
1553	Right to use assets - SBITAs - net of amortization	3,433,607
1580	Construction in Progress	14,173,996
	Total capital assets (net)	1,781,775,068
1910	Long-term investments	24,546,070
	Total noncurrent assets	1,806,321,138
1000	<b>Total assets</b>	2,282,656,030
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1700	Deferred loss on issuance of refunding bonds	16,739,727
1705	Deferred resources outflow related to net pension liability	113,656,083
1708	Deferred resources outflow related to net OPEB liability	69,777,916
	Total deferred outflows of resources	200,173,726
	<b>Total assets and deferred outflows of resources</b>	2,482,829,756
	<b>LIABILITIES</b>	
	<b>Current liabilities:</b>	
2110	Accounts payable	55,092,301
2130	Right to use lease asset payable - equipment - current year	338,479
2131	Right to use SBITA payable - current year	2,128,150
2140	Interest payable	2,820,389
2150	Payroll deductions and withholdings payable	5,942,585
2180	Accrued wages payable	56,507,245
2180	Due to other governments	169
2300	Unearned revenue	888,301
	Total current liabilities	123,715,619
	<b>Noncurrent liabilities:</b>	
2501	Noncurrent liabilities due within one year	85,433,701
2502	Noncurrent liabilities due in more than one year	1,652,067,093
2533	Right to use SBITA payable - long term	259,242
2590	Arbitrage liability	2,479,422
2540	Net pension liability	223,627,723
2545	Net OPEB liability	115,666,099
	Total noncurrent liabilities	2,079,533,280
2000	<b>Total liabilities</b>	2,203,248,899
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2600	Deferred gain on issuance of refunding bonds	13,484,370
2603	Deferred resource inflow related to leases	821,289
2605	Deferred resource inflow related to net pension liability	19,283,464
2608	Deferred resource inflow related to net OPEB liability	179,941,807
	Total deferred inflows of resources	213,530,930
	<b>Total liabilities and deferred inflows of resources</b>	2,416,779,829
	<b>NET POSITION</b>	
3200	Net investment in capital assets	128,173,853
	Restricted for:	
3820	Federal and state programs	186,809
3820	Food services	12,774,862
3850	Debt service	23,812,095
3900	Unrestricted	(98,897,282)
3000	<b>Total net position</b>	\$ 66,049,927

# Governmental Funds – Balance Sheet (pg 14)

## General Fund

### Balances as of August 31, 2023:

Total fund balance	\$ 163,771,549
Unassigned fund balance	\$ 153,878,716
Unassigned/Total	94.0%

### Comparative - August 31, 2022:

Total fund balance	\$ 182,141,626
Unassigned fund balance	\$ 173,316,624
Unassigned/Total	95.2%

CONROE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data Control Codes		General Fund
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 4,881,138
1120	Current Investments	160,899,990
1220	Property Taxes - Delinquent	9,849,525
1230	Allowance for Uncollectible Taxes	(1,638,212)
1240	Due From TEA	37,059,872
1250	Accrued Interest	265,445
1260	Due From Other Funds	-
1290	Sundry Receivables	786,956
1293	Lease Receivable	871,157
1310	Inventories, at Cost	3,366,492
1410	Deferred Expenditures	-
1910	Long-Term Investments	24,546,070
1000	<b>Total Assets</b>	<u>\$ 240,888,433</u>
<b>LIABILITIES</b>		
2110	Accounts Payable	\$ 6,836,002
2150	Payroll Deductions and Withholdings Payable	5,942,585
2160	Accrued Wages Payable	55,707,716
2170	Due to Other Funds	68,549
2180	Due to Other Governments	169
2300	Unearned Revenue	-
2000	<b>Total Liabilities</b>	<u>68,555,021</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2601	Deferred Property Taxes	7,740,574
2603	Deferred Leases	821,289
2600	<b>Total deferred inflows of resources</b>	<u>8,561,863</u>
<b>FUND BALANCES</b>		
Nonspendable:		
3410	Inventory	3,366,492
Restricted for:		
3480	Debt Service	-
3470	Capital Expenditures	-
3450	Food Service Operations	-
3450	Grant Operations	-
Committed to:		
3545	Technology & Food Service	-
3545	Other Purposes	-
Assigned to:		
3590	Other Purposes	6,526,341
3600	Unassigned:	153,878,716
3000	<b>Total Fund Balances</b>	<u>163,771,549</u>
4000	<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 240,888,433</u>

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

## General Fund

### Balances for year ended August 31, 2023:

Expenditures \$ 651,500,827  
 Net change in fund balance \$ (18,370,077)

Unassigned fund balance/  
 Expenditures 23.6%

### Comparative - August 31, 2022:

Expenditures \$ 597,133,176  
 Net change in fund balance \$ 1,046,537

Unassigned fund balance/  
 Expenditures 29.0%

CONROE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		General Fund
<b>REVENUES</b>		
5700	Total Local and Intermediate Sources	\$ 450,597,022
5800	State Program Revenues	188,834,632
5900	Federal Program Revenues	11,434,312
5020	<b>Total Revenues</b>	<b>650,865,966</b>
<b>EXPENDITURES</b>		
Current:		
0011	Instruction	404,870,023
0012	Instructional Resources & Media Service	6,375,316
0013	Curriculum & Instructional Staff Development	9,985,204
0021	Instructional Administration	6,849,597
0023	School Administration	40,794,113
0031	Guidance and Counseling	23,307,860
0032	Social Work Services	1,320,585
0033	Health Services	1,260,798
0034	Student (Pupil) Transportation	34,086,939
0035	Food Services	-
0036	Cocurricular/Extracurricular Activities	15,221,291
0041	General Administration	11,462,372
0051	Plant Maintenance and Operations	70,122,788
0052	Security and Monitoring Services	9,371,899
0053	Data Processing Services	8,630,992
0061	Ancillary Services	9,425
0070	Debt Service:	
0071	Principal	1,450,854
0072	Interest	22,144
0073	Bond Issuance Cost and Fees	-
0081	Facilities Acquisition and Construction	2,298,926
0099	Other Intergovernmental Charges	4,059,701
6030	<b>Total Expenditures</b>	<b>651,500,827</b>
1100	Excess of Revenues Over (Under) Expenditures	(634,861)
<b>OTHER FINANCING SOURCES AND (USES)</b>		
7911	Capital-Related Debt Issuance	-
7913	Proceeds from Right to Use Leased Assets and SBITA	1,064,784
7916	Premium or Discount on Issuance of Bonds	-
7915	Transfers in	-
8911	Transfers out	(18,800,000)
7080	<b>Total Other Financing Sources and (Uses)</b>	<b>(17,735,216)</b>
1200	<b>Net Change in Fund Balances</b>	<b>(18,370,077)</b>
0100	Fund Balance - September 1	182,141,626
3000	Fund Balance - August 31	\$ 163,771,549

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

**NOTE 2 – Deposits (Cash) and Investments (page 37)**

**NOTE 5 – Capital Assets (page 44)**

**NOTE 8 – Long-term Debt and Debt Service (page 45)**

**NOTE 13 – Pension (page 49)**

**NOTE 14 – Other Post-Employment Benefits Plan (page 54)**

# Significant accounting estimates



- State funding revenues
- Allowance for uncollectible property taxes
- Pension and Other Post-Employment Benefits (OPEB) liabilities and deferred inflows/outflows
- Incurred but not reported (IBNR) insurance claims
  
- Basis for estimates:
  - Third parties – TEA, actuaries, specialists (pension, OPEB, IBNR, state funding)
  - Historical experience (allowance for uncollectible property taxes)

# Other ACFR items

## **Other Required Supplementary Information:**

- General Fund – Budget to Actual – page 62
- Pension and OPEB schedules – pages 64 through 71

## **Other Supplementary Information:**

- Combining and individual nonmajor fund statements and schedules, schedules of long-term debt, delinquent taxes receivable – pages 75 through 99

## **Statistical Section:**

- Financial and operating trends and information, demographic and economic information – pages 101 through 151

# Questions?

Sarah Roberts, CPA

Audit Partner

832.320.3252

[sarah.roberts@weaver.com](mailto:sarah.roberts@weaver.com)

