

**LORAINE**  
**INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT PRESENTATION AND  
COMMUNICATION OF AUDIT RESULTS**

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2022**



The information in this presentation handout has been obtained from the current year and prior year Annual Financial Reports. This information is provided for presentation and discussion purposes only and is not to be considered as audited financial statements.

**James E. Rodgers and Company, P.C.**  
**Certified Public Accountants**

# Loraine Independent School District

## Annual Financial and Compliance Audit

For the Year Ended August 31, 2022

### Executive Summary of Audit Results

#### Financial Highlights

##### Governmental Fund Financial Statements

	General Fund	Other Funds	Total	
<b>Modified Accrual for Budgetary &amp; Control Purposes</b>				
Beginning Fund Balance - All Governmental Funds	\$1,528,704	\$114,083	\$1,642,787	
Excess of Revenues Over Expenditures	(142,989)	83,726	(59,263)	
<b>Ending Fund Balance - All Governmental Funds</b>	<b>\$1,385,715</b>	<b>\$197,809</b>	<b>\$1,583,524</b>	Pgs. 19 & 21
Year-end State Foundation Settle-up Receivable or (Overpayment)			<u>(\$87,252)</u>	

##### Government Wide Statements

	Beginning Net Position	Revenues - Expenses	Ending Net Position	
<b>Full Accrual for Overall Financial Condition</b>				
Statement of Net Position	\$3,725,394	\$272,681	\$3,998,075	Pgs. 17 & 18
Statement of Net Position Without GASB 68 & 75 Effect	\$5,558,433	\$139,485	\$5,697,918	
Loraine ISD Education Foundation	\$3,887,559	\$1,046,925	\$4,934,484	Pgs. 23 & 24
Major Adjustments to Change From Modified Accrual to Full Accrual				Pgs. 20 & 22

##### Economic Factors and Attendance Data

	Years Ended August 31,				
	2018	2019	2020	2021	2022
District Wide (ADA)	146.4	143.5	141.5	144.8	115.6
District Total Staff	33.9	35.8	37.0	36.6	35.8
General Operating Fund Balance	\$ 999,220	\$ 1,513,612	\$ 1,536,379	\$ 1,528,704	\$ 1,385,715
Government Wide Net Position	\$ 2,396,712	\$ 3,049,872	\$ 3,326,590	\$ 3,725,394	\$ 3,998,075
Total Long-Term Debt	\$ 9,000,000	\$ 8,485,000	\$ 7,955,000	\$ 6,770,000	\$ 6,265,292
Appraised Value for Property Taxes	\$ 85,549,094	\$ 147,494,882	\$ 171,494,671	\$ 161,913,085	\$ 169,024,608
Property Tax Rate for M & O	\$ 1.1700	\$ 1.0400	\$ 0.9700	\$ 0.9664	\$ 0.9277
% Increase (Decrease) in ADA	-2.47%	-1.98%	-1.39%	2.33%	-20.17%
% Increase (Decrease) in State Revenue	9.53%	7.25%	-56.14%	20.91%	-3.22%

#### Other Financial Highlights

Amount the General Fund Transferred to the Lunchroom Fund during the Current Year \$ - Pg. 86

#### Financial Audit Findings

Financial Statements Opinion Issued	Unmodified	Pg. 4
GAS Significant Deficiencies or Material Weaknesses in Internal Control Over Financial Reporting	None	Pg. 90
GAS Compliance Findings Material to Financial Statements - Exp > Budget But Not Material	None	Pg. 90-92

#### Single Audit Findings

Report Issued on Compliance With Major Federal Programs - N/A	N/A
Noncompliance or Other Matters Findings Relative to Major Federal Programs	N/A

#### Reports to Management & Those Charged With Governance

Report to Governance - Communication of No Material Weaknesses - Materiality = \$32,000	Separate Report
Report to Governance at Conclusion of the Audit - Significant Audit Findings and Other Matters	Separate Report
Management Letter	Separate Report

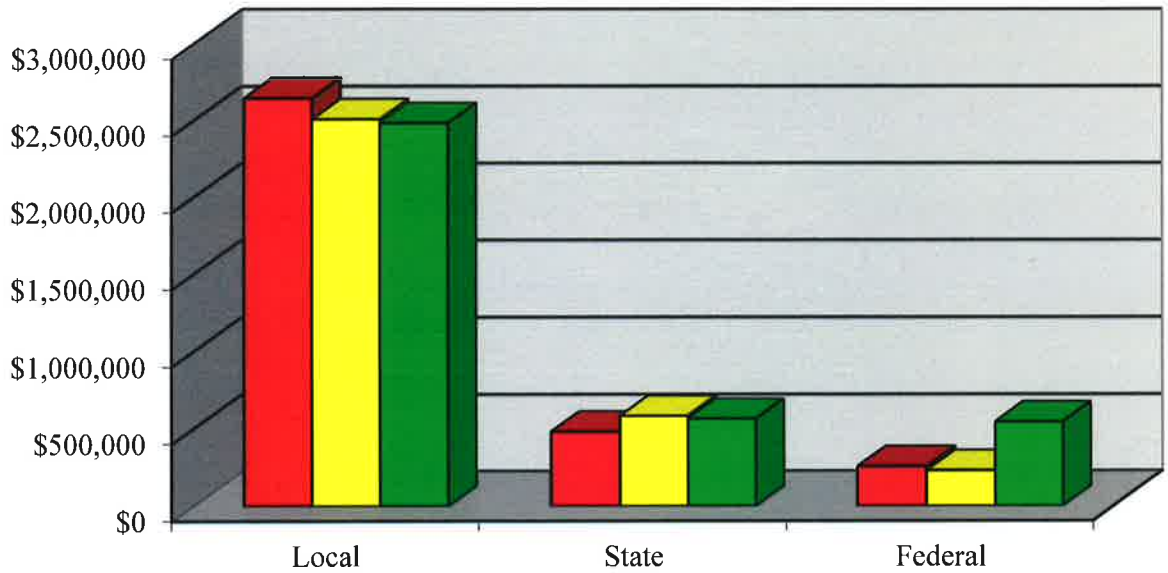
James E. Rodgers and Company, P.C.  
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 20 SW 3rd Street - Hamlin, Texas 79520

# LORAIN INDEPENDENT SCHOOL DISTRICT

## REVENUES BY SOURCE

	FY 2019-2020	FY 2020-2021	FY 2021-2022
<b>ADA</b>	<b>141.458</b>	<b>144.841</b>	<b>115.59</b>
<b>Local</b>	\$2,649,530	\$2,512,344	\$2,487,789
<b>State</b>	485,218	586,667	567,792
<b>Federal</b>	257,896	231,376	548,181
<b>Total</b>	<b>\$3,392,644</b>	<b>\$3,330,387</b>	<b>\$3,603,762</b>

### Revenues by Source



■ FY 2019-2020

■ FY 2020-2021

■ FY 2021-2022

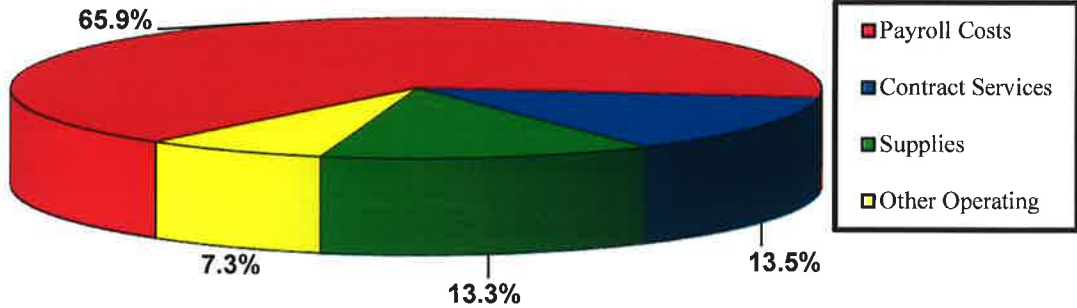


# LORAIN INDEPENDENT SCHOOL DISTRICT

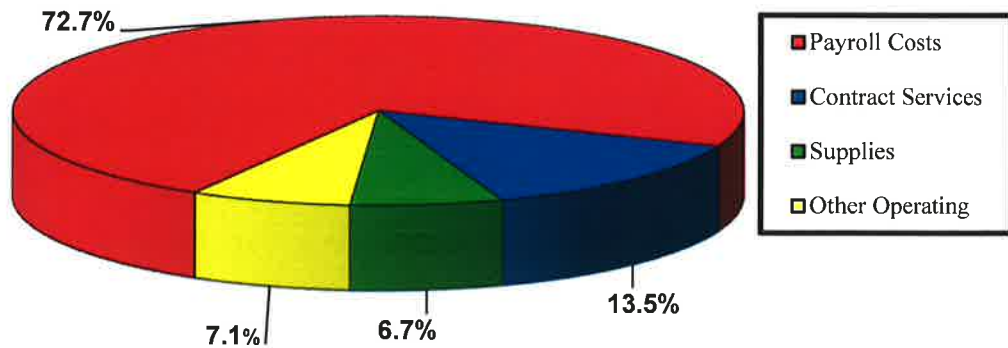
## EXPENDITURES BY OBJECT CODE EXCLUDING CAPITAL OUTLAY & DEBT SERVICE

	FY 2020-2021	FY 2021-2022
<b>Total Staff</b>	<b>36.59</b>	<b>35.84</b>
Payroll Costs	\$1,804,389	\$1,907,213
Contract Services	334,080	389,681
Supplies	166,422	384,242
Other Operating	175,969	210,923
<b>Total Expenditures</b>	<b>\$2,480,860</b>	<b>\$2,892,059</b>

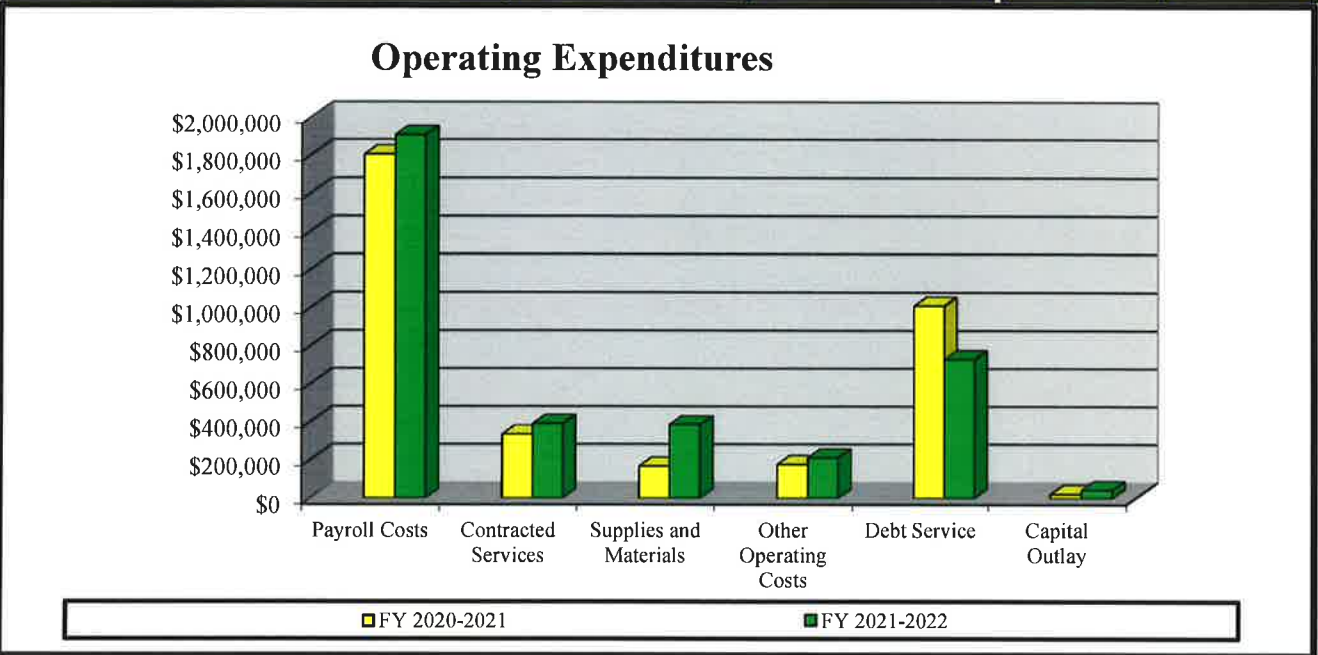
**Fiscal Year 2021-2022 Expenditures by Object Excluding  
Capital Outlay & Debt Service**



**Fiscal Year 2020-2021 Expenditures by Object Excluding  
Capital Outlay & Debt Service**



<b>LORAIN INDEPENDENT SCHOOL DISTRICT</b>			<b>Current</b>	<b>Current %</b>
<b>Expenditures By Object Code</b>			<b>Year Change</b>	<b>Year Change</b>
	<b>FY 2020-2021</b>	<b>FY 2021-2022</b>	<b>From Prior</b>	<b>From Prior</b>
			<b>Year</b>	<b>Year</b>
<b>Total Staff</b>	<b>36.59</b>	<b>35.84</b>		
<b>Payroll Costs</b>	<b>\$1,804,389</b>	<b>\$1,907,213</b>	<b>\$ 102,824</b>	<b>5.70%</b>
<b>Contracted Services</b>	<b>334,080</b>	<b>389,681</b>	<b>55,601</b>	<b>16.64%</b>
<b>Supplies and Materials</b>	<b>166,422</b>	<b>384,242</b>	<b>217,820</b>	<b>130.88%</b>
<b>Other Operating Costs</b>	<b>175,969</b>	<b>210,923</b>	<b>34,954</b>	<b>19.86%</b>
<b>Debt Service</b>	<b>1,010,812</b>	<b>728,916</b>	<b>(281,896)</b>	<b>-27.89%</b>
<b>Capital Outlay</b>	<b>19,924</b>	<b>42,050</b>	<b>22,126</b>	<b>111.05%</b>
<b>Total</b>	<b>\$3,511,596</b>	<b>\$3,663,025</b>	<b>\$ 151,429</b>	<b>4.31%</b>



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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

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November 14, 2022

## Communication of No Material Weaknesses in a Separate Report

**To the Board of Trustees and Superintendent  
Loraine Independent School District  
Loraine, Texas 79532**

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loraine Independent School District as of and for the year ended August 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Loraine Independent School 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 Loraine Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Loraine Independent School 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.

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

This communication is intended solely for the information and use of management, the District's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

*James E. Rodgers and Company*

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November 14, 2022

## Communication With Those Charged with Governance at the Conclusion of the Audit

To the Board of Trustees and Superintendent  
Loraine Independent School District  
Loraine, Texas 79532

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loraine Independent School District for the year ended August 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

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Area	Auditor Comments
Qualitative Aspects of Accounting Practices	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by <b>Loraine Independent School District</b> are described in Note 1 to the financial statements. No new accounting policies were adopted except for GASB 87, and the application of existing policies were not changed during the year ended August 31, 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements were:</p> <ul style="list-style-type: none"><li>❖ Management's estimate of the useful life of capital assets.</li><li>❖ The estimates inclusive in the determination of the District's net pension liability as required by GASB 68 and the Accounting estimates determination of the OPEB liability required by GASB 75.</li></ul>

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Area	Auditor Comments
Disclosures	<p>Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:</p> <ul style="list-style-type: none"><li>❖ The disclosure of the District's participation in the Teacher Retirement System of Texas including the provisions and obligations of the District under that plan and the TRS Active Care in the notes to the financial statements including required schedules and disclosures required by GASB 68 and 75.</li><li>❖ The disclosure of current litigation (if any) in the notes to the financial statements. There were no issues or judgments in formulating the disclosure due to the lack of current litigation.</li></ul> <p>The financial statement disclosures are neutral, consistent, and clear.</p>
Difficulties Encountered in Performing the Audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and Uncorrected Misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.</p>
Disagreements with Management	<p>For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.</p>
Management Representations	<p>We have requested certain representations from management that are included in the management representation letter dated November 14, 2022.</p>
Management Consultation with Other Independent Accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Other Audit Findings of Issues	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>



# James E. Rodgers and Company, P.C.

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## Area

## Auditor Comments

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### Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, and GASB 68 and 75 schedules for pension and OPEB liabilities and contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual nonmajor fund financial statements, and the Texas Education Agency required information in conformity with laws and regulations of the State of Texas in Exhibits J-1 through J-4, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on Schools First Questionnaire, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and the Superintendent of Loraine Independent School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,



James E. Rodgers and Company, P.C.

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November 14, 2022

## Independent Auditor's Management Letter

**Board of Trustees and Superintendent  
Loraine Independent School District  
Loraine, Texas 79532**

### **Members of the Board and Superintendent:**

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Loraine Independent School District (the District) as of and for the year ended August 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. A separate letter dated November 14, 2022, was issued to report to management and those charged with governance reporting no material weaknesses in internal controls over financial reporting were identified in the audit.

We do offer the following recommendations and other matters that we consider important to future operational effectiveness that are not deficiencies in internal control.

### **SIGNIFICANT CHANGES IN ACCOUNTING FOR LONG-TERM LEASES**

The District should continue reporting under the Governmental Accounting Standards Board GASB Statement No. 87 which requires the District to account for all leases entered into by the District with a lease term greater than one year to be accounted for as a Long-Term Right to Use Lease based on the foundation principal that leases are financings with the right to use an underlying asset and therefore should be accounted for as a purchase of an asset with included financing. The District should begin accounting for subscription IT leases per GASB 96, if any, in a manner similar to other leases as reported under GASB 87 for long-term leases.



# James E. Rodgers and Company, P.C.

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The comments and recommendations documented in this letter have been presented for consideration in maintaining and improving internal controls and operating efficiency of the Loraine Independent School District. We are required to review the status of these comments during our next audit engagement.

This report is intended solely for the information of the District's trustees, administration, others within the District, the Texas Education Agency, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



James E. Rodgers and Company, P.C.