

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Annual Financial Report

As of and for the year ended August 31, 2023

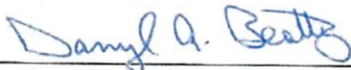
(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

Certificate of Board

<u>Name of School District</u>	<u>County</u>	<u>Co. – Dist. Number</u>
Dallas County Academy for Academic Excellence	Dallas	057-814

We, the undersigned, do hereby certify that the independent auditors' report for the year ended August 31, 2023 of the above named school district was reviewed and the Board President has authority to accept and approve the report on this day of February 19, 2024

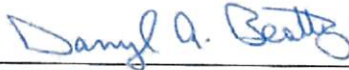


**Signature of Board Chief
Administrative Officer**

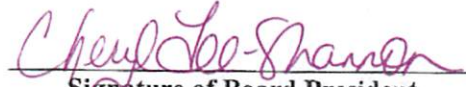


Signature of Board President

We, the undersigned, do hereby certify that to the best of our knowledge and belief, the auditor has completed the audit in accordance with TEA guidelines and the information presented is accurate and correct.

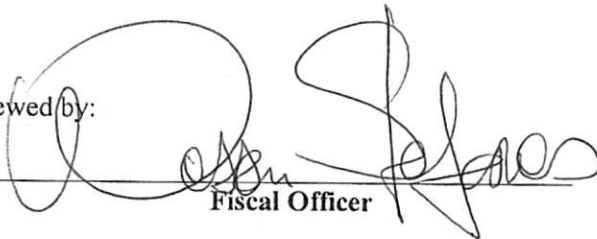


**Signature of Board Chief
Administrative Officer**



Signature of Board President

Reviewed by:



Fiscal Officer

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
ANNUAL FINANCIAL REPORT
AUGUST 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Judge Cheryl Lee-Shannon, Chairperson
Juvenile Board of Dallas County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Dallas County Academy for Academic Excellence (the "Academy"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Academy'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 and each major fund of the Academy, as of August 31, 2023, and the respective changes in financial position, 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 Dallas County, Texas (the "County") 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.

Emphasis of Matter—Presentation

As discussed in Note 1, the financial statements of the Academy are intended to present the financial position and changes in financial position of only that portion of governmental activities, each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Academy. They do not purport to, and do not present fairly, the financial position of the County as of August 31, 2023 or changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 Academy'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and for the Federal Funds, schedule of changes in total Other Postemployment Benefits liability, schedule of changes in net pension liability (asset), and the schedule of pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying supplementary information, representing the individual combining statements of fund balances and the combining statements of revenue, expenditures, and changes in fund balance of the Federal Awards Sub-Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is 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 Introductory Section and Required Texas Education Agency Schedules Section, as listed in the table of contents, 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 February 19, 2024 on our consideration of the Academy'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 Academy'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 Academy's internal control over financial reporting and compliance.

Deloitte & Touche LLP

February 19, 2024

FINANCIAL SECTION

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

Introduction

This section of the Annual Financial Report presents management's discussion and analysis of the Dallas County Academy for Academic Excellence (the Academy) financial activities for the fiscal year ended August 31, 2023. This discussion and analysis should be read in conjunction with the Academy's basic financial statements, which follow this section.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

Government-Wide

In total, net position decreased by \$201,449. Net position of governmental activities decreased from a negative position of \$2,736,270 in fiscal year 2022 to a negative position of \$2,937,719 in fiscal year 2023. This decrease is due to decreased net pension asset to a net pension liability as a result of changes in assumptions, salary increases, and investment returns.

The Academy had general revenues of \$6,561,375 and federal program revenues of \$1,525,375. Total revenues were \$8,086,750 which is a decrease of 0.04% from the prior year.

The Academy had \$8,288,199 in expenses, representing an approximate 12.37% increase from the prior year.

Fund Level

In total, net change in fund balance was \$0 compared to \$16,345 for the prior year.

General fund revenues accounted for \$6,561,375 or 81.14% of all revenues. Program specific revenues, in the form of grants, accounted for \$1,525,375 or 18.86% of all revenues. Total revenues were \$8,086,750.

The Academy had \$8,086,750 in expenses, representing an approximate 0.25% decrease from the prior year.

Management considers revenue projections for the current school year compared to actual enrollments and expenses to date to determine how much, if any, of its net position can be utilized. The net position may change based on the final "settle-up" notification from Texas Education Agency (TEA).

Overview of Financial Statements

This annual report presents the Academy's basic financial statements with three primary components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. Also presented is supplementary information either required by TEA or designed to provide additional detail and explanations of the financial statements.

Government-Wide Financial Statements

These statements provide a broad and general overview of the Academy's overall financial activities, which represents the financial picture of the Academy from the economic resources measurement focus using the accrual basis of accounting. The statement of net position presents the funds available to the Academy as of August 31, 2023 after accounting for liabilities. The statement of activities details revenues and expenses for the September 1, 2022 to August 31, 2023 time period on an accrual basis of accounting, regardless of when revenues are actually received or expenditures paid. These two

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

statements report the Academy's changes in net position. This change in net position is important because it identifies whether the financial position of the Academy has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Academy's enrollment, required educational programs, academic indicators, associated requirements for making school improvements, and other factors.

Fund Financial Statements

A fund is a group of major accounts used to maintain control over resources that have been segregated for specific activities. Most school districts have three types of funds: governmental, proprietary, and fiduciary. Because of the nature of the Academy, only governmental funds are utilized. The governmental funds statement focuses on what moneys flow in and out of those funds and the resulting balances at fiscal year-end for spending in future periods. The Academy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's general government operations and its basic services. Governmental fund information assists in the determination of whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

The Academy's governmental funds are divided into two individual governmental funds for accounting purposes: the General Fund (State Aid) and the Federal Fund. Within the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, information is presented separately for the General Fund and the Federal Fund. The Federal Fund is the major fund for federal awards. Sub-funds to the Federal Fund include: Elementary and Secondary Education Act (ESEA), Title I, Parts A and D, Title II Part A, IDEA B Capacity, Title III Part A, Title IV, Part A, ESSER III and School Safety Grants. Together, the fund financial statements provide a more detailed analysis of how the Academy's funds were received and expended. All funds are used together for the general educational services provided by the Academy. The Academy for Academic Excellence Charter School utilized the support from Dallas County through contributions to maintain total operating expenses and the continuity of services and academic needs for the students enrolled.

Notes to the Basic Financial Statements

The notes to the basic financial statements are designed to provide a more detailed explanation essential to understanding of financial data provided in the government-wide and fund financial statements.

Other Information

The annual report contains supplementary information that is either required by TEA or Governmental Accounting Standards Board (GASB) or presented to provide more detailed information than found in the basic financial statements. Exhibits D-1 and D-2 compare actual to budgeted awards for the General Fund and the Federal Fund. Variances in actual expenditures compared to budgeted amounts are primarily due to varying enrollment levels. Exhibit E-1 and E-2 represent a breakdown of the federal funds combined. Exhibit F-1 represents indirect cost and Exhibit F-2 represents fund balance and cash flow calculation. Exhibit J-4 represent Compensatory Education Program and Bilingual Education Program Compliance Responses

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

Financial Analysis of the Academy as a Whole

The Academy for Academic Excellence operates as a self-funded program and requires management to be conservative in projecting revenues and realistic in projecting expenses to ensure adequate funding being available to support the program. The majority of the Academy's revenue comes from TEA on a six-week schedule based upon actual attendance. Management must accurately manage cash flow so that financial obligations are met on a timely basis. Table 1 provides a summary comparison of the Academy's statement of net position for fiscal year 2022 and fiscal year 2023.

(In thousands)			
	<u>FY 2023</u>	<u>FY 2022</u>	<u>Increase (decrease)</u>
Assets:			
Current and other assets	\$ 2,897	\$ 2,604	\$ 293
Capital assets (net of depreciation)	7	15	(8)
Other assets (Net pension asset)	-	835	(835)
Total assets	<u>2,904</u>	<u>3,454</u>	<u>(550)</u>
Deferred outflow of resources- pension	<u>2,123</u>	<u>1,860</u>	<u>263</u>
Deferred outflow of resources- OPEB	<u>344</u>	<u>357</u>	<u>(13)</u>
Liabilities:			
Current and other liabilities	976	674	302
Long-term liabilities	1,611	1,923	(312)
Net pension liability	3,741	-	3,741
Total liabilities	<u>6,328</u>	<u>2,597</u>	<u>3,731</u>
Deferred inflow of resources- pension	<u>12</u>	<u>4,385</u>	<u>(4,373)</u>
Deferred inflow of resources- OPEB	<u>1,969</u>	<u>1,425</u>	<u>544</u>
Net position (deficit):			
Net investment in capital assets	7	15	(8)
Unrestricted (deficit)	<u>(2,945)</u>	<u>(2,751)</u>	<u>(194)</u>
Total net position (deficit)	<u>\$ (2,938)</u>	<u>\$ (2,736)</u>	<u>\$ (202)</u>

Total assets decreased from \$3,454 to \$2,904 at August 31, 2023 as a result of net pension liability. The net position of (\$2,938) reflects a deficit, as a result of accounting for long-term liabilities, including the liabilities for Other Post Employment Benefits (OPEB) and the Net Pension liability. This deficit does not mean the Academy does not have resources available as they become due. Rather, Generally Accepted Accounting Principles (GAAP) and the TEA Financial Accountability System Resource Guide require governmental organizations to recognize an actuarially calculated liability for OPEB and Pension.

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

Table 2
Condensed Statements of Changes in Net Position
(In thousands)

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Increase (decrease)</u>
Revenues			
Program revenues:			
Operating grants and contributions	\$ 1,525	\$ 3,240	\$ (1,715)
Total program revenues	<u>1,525</u>	<u>3,240</u>	<u>(1,715)</u>
General revenues:			
State Aid	5,197	4,845	352
Grants and contributions not restricted to specific programs	1,329	-	1,329
Investment earnings	35	5	30
Total general revenues and transfers	<u>6,561</u>	<u>4,850</u>	<u>1,711</u>
Total revenue	<u>8,086</u>	<u>8,090</u>	<u>(4)</u>
Program expenses:			
Instruction	5,855	5,179	676
Curriculum development and instructional staff	7	1	6
Instruction leadership	358	315	43
School leadership	884	779	105
Guidance, counseling and evaluation services	711	573	138
Student (pupil) transportation	4	-	4
General administration	443	421	22
Facilities maintenance and operations	-	4	(4)
Security and monitoring services	26	103	(77)
Total expenses	<u>8,288</u>	<u>7,375</u>	<u>913</u>
Change in net position	(202)	715	(917)
Net position, beginning of year	<u>(2,736)</u>	<u>(3,451)</u>	<u>715</u>
Net position, end of year	\$ <u>(2,938)</u>	\$ <u>(2,736)</u>	\$ <u>(202)</u>

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

Analysis of the Academy's Governmental Activities

Fund accounting is used to demonstrate compliance with finance related legal requirements. Expenditures were charged to appropriate revenue sources while adhering to federal and State accounting guidelines. Once federal funds were exhausted, expenditures were charged against the General Fund. All fund balances are in the General Fund. State aid revenues were exhausted due to a continued decrease in student enrollment and attendance as a result of the COVID pandemic. Revenues from governmental fund types totaled \$8,086 thousand, a decrease of 0.04% over the preceding year. The decrease in revenues is the result of depleted revenue from ESSER I, ESSER III and ESSER III grants. Additionally, in Fiscal year 2023, The Academy for Academic Excellence Charter School utilized the support from Dallas County through contributions of \$1,316,825 to maintain total operating expenses and the continuity of services and academic needs for the students enrolled. Fiscal year 2023 expenditures increased by \$913 thousand due to increase in OPEB and Pension Expense.

Capital Assets and Debt Administration

Capital assets are those items with a value of over \$5,000 with an expected useful life in excess of one year. Except for the Day Reporting Center, which operates within the Juvenile Justice Alternative Education Program (JJAEP) facility, all facilities in which the Academy operates are owned by Dallas County. On August 31, 2023, net capital assets used in governmental activities totaled \$7,360. Depreciation is recognized in the Government wide financial statements. Improvements to buildings represent all net capital assets of the Academy. Annual depreciation for building and equipment totaled \$7,360. The Academy has no debt. (See note 4 to the financial statements for more information)

General Fund Budgeting Highlights

The majority of revenues and expenses for the Academy are allocated to the General Fund. During Fiscal Year 2023, the Academy amended its General Fund budget as needed. Budget amendments were developed by management and approved by the Academy Board.

It is noted that when official budget amendments are sought, it serves as an opportunity to make adjustments based on the Summary of Finance payments (i.e., State Funds) due to modifications in the funding, which are made on a six-week reporting cycle.

All expenses reflect the cost of direct educational services and Dallas County's management of the Academy. The Academy has not incurred any debt. It is management's expectation that funds are budgeted with the goal being to balance expenditures and revenues such that revenues exceed expenses each year. Management determines an appropriate use for any excess funds.

Economic Factors and Next Year's Budget

The Academy is funded by local, State and federal funds distributed by the TEA. The majority of funding is based on actual student attendance and can vary with student enrollment and attendance levels.

Since onset of the COVID pandemic, student enrollment population has been extremely low. Fluctuations in the population at the detention center affects populations at other campuses. A decrease in the population at the detention center directly results in a decrease at other campuses.

With respect to the FY 2023 budget, it is the expectation of the Dallas County Commissioners Court and the Dallas County Juvenile Board (which operates as the Academy Board) that the Academy operates as a self-funded program without supplemental funding with Dallas County tax revenue. The Academy's budget for FY 2023 reflected this expectation and took into account the need to maintain adequate reserves to account for variations in student enrollment. However in FY 2023, the Academy utilized the support from Dallas County through contributions of \$1,316,825 to maintain total operating expenses and the continuity of services and academic needs for the students enrolled. In maintaining the budget, one challenge was to comply with the

DALLAS COUNTY ACADEMY OF ACADEMIC EXCELLENCE

Management's Discussion and Analysis

August 31, 2023

(Unaudited)

Economic Factors and Next Year's Budget (Continued)

Texas Juvenile Justice Department (TJJD) guidelines of teacher to student ratios. As well as the need for the core subjects and physical education at all campuses, English as a second Language (ESL) and special education teachers were also requirements at all campuses. Therefore, as the enrollment of youth is decreasing, the number of teachers must meet certain ratios.

For FY 2024, initial funding allocations are based on the number of students enrolled in FY 2023. Additionally, program-specific revenues is based on the prior year's enrollment of students.

Contacting the Academy's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and stakeholders with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the funds received.

Questions concerning any of the information provided in this report or requests for additional information should be directed to the Deputy Director or designee of Educational Services, Dallas County Juvenile Department, 1673 Terre Colony Ct., Dallas, Texas 75212. Other information may be viewed online by visiting www.dallascounty.org.

BASIC FINANCIAL STATEMENTS

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Statement of Net Position
August 31, 2023

<u>Data Control Codes</u>		<u>Governmental activities</u>
	Assets:	
1110	Cash and cash equivalents	\$ 1,301,809
1241	Due from state	55,628
1242	Due from federal agencies	222,598
1243	Due from other governmental entities	1,316,825
1520	Improvements to buildings, net	7,360
1000	Total assets	<u>2,904,220</u>
1705	Deferred outflow of resources- pension	2,123,286
1705	Deferred outflow of resources- OPEB	343,620
	Total deferred outflow of resources	<u>2,466,906</u>
	Liabilities:	
2110	Accounts payable	64,459
2160	Accrued wages payable	418,280
2180	Due to other governments	340,661
2532	Vested vacation benefits payable -current	152,716
2532	Vested vacation benefits payable - long-term	58,113
2590	Other post employment benefits	1,552,659
2590	Net pension liability	3,741,405
2000	Total liabilities	<u>6,328,293</u>
2605	Deferred inflow of resources- pension	11,880
2605	Deferred inflow of resources- OPEB	1,968,672
	Total deferred inflow of resources	<u>1,980,552</u>
	Net position:	
3200	Net investment in capital assets	7,360
3900	Unrestricted deficit	<u>(2,945,079)</u>
3000	Total net position	<u>\$ (2,937,719)</u>

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Statement of Activities

For the Year Ended August 31, 2023

Data control codes	Functions/programs	Expenses	Program revenues	Net (expense) revenue and changes in net position
				Primary government
			Operating grants and contributions	Governmental activities
	Primary government:			
	Governmental activities:			
11	Instruction	\$ 5,855,437	\$ 1,088,498	\$ (4,766,939)
13	Curriculum development and instructional staff	6,769	6,769	-
21	Instruction leadership	358,225	102,690	(255,535)
23	School leadership	883,991	1,053	(882,938)
31	Guidance, counseling and evaluation services	711,123	300,190	(410,933)
34	Student (pupil) transportation	3,600	-	(3,600)
41	General administration	442,879	-	(442,879)
52	Security and monitoring services	26,175	26,175	-
TG	Total governmental activities	\$ 8,288,199	\$ 1,525,375	\$ (6,762,824)
	General revenues:			
SF	State aid-formula grants			\$ 5,197,036
GC	Grants and contributions not restricted to specific programs			1,329,358
IE	Investment earnings			34,981
TR	Total general revenues and transfers			6,561,375
NB	Change in net position			(201,449)
NE	Net position- beginning			(2,736,270)
	Net position- end of year			\$ (2,937,719)

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
 Balance Sheet – Governmental Funds
 August 31, 2023

Data control codes		10	289	98
		General fund	Federal fund	Total governmental funds
Assets:				
1110	Cash and cash equivalents	\$ 1,301,809	\$ -	\$ 1,301,809
1241	Due from state	55,628	-	55,628
1242	Due from federal agencies	-	222,598	222,598
1243	Due from other governmental entities	1,316,825	-	1,316,825
1260	Due from other funds	38,506	-	38,506
1000	Total assets	<u>2,712,768</u>	<u>222,598</u>	<u>2,935,366</u>
Liabilities and fund balances:				
Liabilities:				
2110	Accounts payable	5,024	2,597	7,621
2165	Accrued liabilities	56,838	-	56,838
2160	Accrued wages payable	319,274	99,006	418,280
2170	Due to other funds	-	38,506	38,506
2180	Due to other governments	258,172	82,489	340,661
2000	Total liabilities	<u>639,308</u>	<u>222,598</u>	<u>861,906</u>
Fund balances:				
3600	Unassigned	<u>2,073,460</u>	-	<u>2,073,460</u>
3000	Total fund balances	<u>2,073,460</u>	-	<u>2,073,460</u>
4000	Total liabilities and fund balances	<u>\$ 2,712,768</u>	<u>\$ 222,598</u>	<u>\$ 2,935,366</u>

Reconciliation of the governmental funds balance sheet to the government-wide statement of net position.

Total fund balances – governmental funds \$ 2,073,460

Amounts reported for governmental activities in the statement of net assets (see Exhibit A-1) are different due to the following:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	7,360
Net pension asset is not reported in the funds	
Vested vacation benefits are not due and payable in the current period and, therefore are not reported in the funds.	(210,829)
Other Post Employment Benefits are not due and payable in the current period and, therefore are not reported in the funds	(1,552,659)
Net pension liability is not reported in the funds	(3,741,405)
Deferred outflows and inflows related to pension and OPEB are not reported in the funds	<u>486,354</u>
Total net position – governmental activities (see Exhibit A-1)	<u>\$ (2,937,719)</u>

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended August 31, 2023

Data control codes		420	289	98
		General fund	Federal fund	Total governmental funds
	Revenues:			
5700	Local and intermediate sources	\$ 1,364,339	\$ -	\$ 1,364,339
5800	State program revenues	5,197,036	-	5,197,036
5900	Federal program revenues	-	1,525,375	1,525,375
5020	Total revenues	<u>6,561,375</u>	<u>1,525,375</u>	<u>8,086,750</u>
	Expenditures:			
	Current:			
11	Instruction	4,200,759	1,524,239	5,724,998
13	Curriculum development and instructional staff	-	6,769	6,769
21	Instruction leadership	239,475	102,690	342,165
23	School leadership	876,117	-	876,117
31	Guidance, counseling and evaluation services	376,654	300,190	676,844
34	Student (pupil) transportation	3,600	-	3,600
41	General administration	430,082	-	430,082
52	Security and monitoring services	-	26,175	26,175
6030	Total expenditures	<u>6,126,687</u>	<u>1,960,063</u>	<u>8,086,750</u>
1100	Excess (deficiency) of revenue over (under) expenditures	434,688	(434,688)	-
	Other financing sources (Uses):			
7915	Operating Transfers in	\$ -	\$ 434,688	434,688
8911	Operating Transfers out	(434,688)	-	(434,688)
7949	Other resources	1,316,825	-	1,316,825
8949	Other Uses	(1,316,825)	-	(1,316,825)
7080	Total other financing sources (Uses)	<u>(434,688)</u>	<u>434,688</u>	<u>-</u>
100	Fund balances, beginning of year	2,073,460	-	2,073,460
3000	Fund balances, end of year	<u>\$ 2,073,460</u>	<u>\$ -</u>	<u>\$ 2,073,460</u>
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:			
	Net change in fund balances – total governmental funds			\$ -
	Amounts reported for governmental activities in the statement of activities (see Exhibit A-1) 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 difference is depreciation expense			(7,360)
	Assets that are capitalized on the statement of activities Other Post Employment Benefits are not due and payable in the current period and, therefore, are not reported in the funds. This is the increase in OPEB benefits payable in the current year.			(218,015)
	Vested vacation benefits are shown as expenditures at the fund level but is accrued for on the statement of activities. This is the increase in Vested vacation benefits in the current year.			(35,912)
	Changes in Pension Amounts are not shown as an income at the fund level but is reported in the Statement of Activities			59,838
	Change in net position of governmental activities(see Exhibit B-1)			<u>\$ (201,449)</u>

See accompanying notes to basic financial statements.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies

The basic financial statements of the Dallas County Academy for Academic Excellence (the Academy) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities and the rules prescribed by the Texas Education Agency (TEA) Financial Accountability System Resource Guide (the Guide). Data control codes refer to the account code structure prescribed by the Guide. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Dallas County Juvenile Board (the Board) received an open-enrollment charter from the State Board of Education to operate a Texas public school effective November 12, 1998. The Academy began operations on September 1, 1999. Effective with the start of the 2004-2005 school year, the Academy was operated by the Dallas County Juvenile Department. The Academy receives funding from the State of Texas (the State) and federal government sources and must comply with the applicable requirements of these funding source entities.

The following GASB Statements were implemented in FY23.

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The statement is effective for reporting periods beginning after June 15, 2022. This statement did not impact the Academy.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*. The objective of this statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). 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. This statement is effective for fiscal years beginning after June 15, 2022. This statement did not impact the Academy.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies (Continued)

GASB Statement No. 99 - Omnibus 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 11-25 are effective for reporting periods beginning after June 15, 2022. This statement did not impact the Academy.

(a) Reporting Entity

The Academy represents an operating unit of the Juvenile Department of Dallas County. The Academy is governed by the Board of Trustees of the Academy, which comprises the exact same members as the Juvenile Board. The financial data of the Academy is also reported within the basic financial statements of Dallas County, Texas (the County). Similarly, any funds received and expended through the federal and state agencies are reported in the Dallas County Schedule of Expenditures of Federal and State Awards.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the Academy. The effect of the interfund activity has been removed from these statements. The governmental activities are supported by intergovernmental revenues.

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 grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues.

(c) Government-Wide Basis of Accounting/Measurement Focus

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Academy gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(d) Governmental Fund Financial Statements Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds 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 fund balances. The modified accrual basis of accounting is used for the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies (Continued)

available). Available is defined as collectible within the current period or within 60 days after fiscal year-end to be used to pay liabilities of the current period. Expenditures are recorded when the fund obligation is incurred. Revenues received from the State are recognized when susceptible to accrual. Investment earnings are recorded as earned since they are measurable and available. 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 in advance they are recorded as unearned revenues until earned.

The Academy reports the following major governmental funds:

The General Fund is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those to be accounted for in another fund. Major revenue sources include State funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the Academy except for specific programs funded by the federal or State government.

The Federal Fund is a special revenue fund that accounts for activities of federal grants to provide opportunities for children served to acquire knowledge and skills to meet the challenging State performance standards developed for all children.

(e) Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments invested in the County pool with original maturities of three months or less from the date of acquisition.

(f) Receivables and Payables

Transfers between funds are recorded as an amount either "Due to" or "Due from." Due to/from other funds is eliminated in the government-wide financial statements. The Academy participates in a variety of Federal and State programs from which it receives grants to partially or fully finance certain activities. In addition, the Academy receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts receivable from the State and Federal agencies at year-end are reported on the financial statements as "due from State/ Federal agencies."

(g) Deferred Outflows/ Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of August 31, 2023, deferred outflows total \$2,466,906.

In addition to liabilities, the Statement of Net Position may include a separate section for deferred inflows of resources applying to future periods. As of August 31, 2023, the balance of deferred inflow of resources was \$1,980,552.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies (Continued)

(h) Capital Assets

Capital assets, which include improvements to buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 with an estimated useful life in excess of one year. These assets are recorded at historical cost. Donated capital assets are reported at acquisition value at time of donation if the actual cost cannot be determined. Furniture and equipment included in capital assets is being depreciated using the straight-line method over a useful life of 5 to 20 years.

(i) Vested vacation benefits

The Academy administrative support staff and teachers, which are permanent, full-time Dallas County employees accrue vacation and sick leave every pay period except the employees on a nine month work schedule and are allowed to accumulate any earned but unused days. The accumulated earned but unused vacation and sick leave balances at year-end are carried forward to the following year. The accrued vested vacation benefits balance of \$210,829 as of August 31, 2023 was calculated by multiplying the number of accrued but not used vacation and sick leave days times the daily rate at year-end and has been recorded as vested vacation benefits in the government-wide financial statements.

This liability includes related amounts for Social Security, Medicare, and retirement benefits. The Academy’s general fund and federal fund incurs the expenditures for compensated absences.

The Academy’s permanent, full-time employees accrue annually 80 hours of vacation from date of employment to 6 years of service, 120 hours from 6 to 15 years of service, and 160 hours in excess of 15 years of continuous employment. The maximum accrual is 4, 5 or 6 weeks of vacation for each respective accrual categories. Upon termination, an employee is entitled to payment for total accrued but unused hours of vacation.

The Academy’s permanent, full-time employees accrue annually 96 hours of sick leave. Sick leave is paid to current employees if absent from work due to illness, injury, or other situations requiring medical attention. An employee who terminates for any reason is paid a percentage of their accrued but unused sick leave. Amounts payable are initially 5% after 5 years of service, increasing thereafter at 5% for each additional 5 years of service to a maximum of 50%.

Vested vacation benefits				
<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
\$ 174,917	\$ 331,519	\$ 295,607	\$ 210,829	\$ 152,716

(j) Other Administrative Services

The Dallas County Juvenile Department provides certain administrative services such as transportation, food services, use of facilities, and security to the Academy. Dallas County also provides certain fiscal services to the Academy. The value of these services is not reflected in the accompanying basic financial statements since it is not susceptible to objective measurement or value.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(1) Summary of Significant Accounting Policies (Continued)

(k) Net Position

In the government-wide financial statements, net position is net investment in capital assets, reduced by accumulated depreciation and, the remaining portion of the net position consists of all other unrestricted assets.

The Academy participates in both State and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. The Academy's policy is to first utilize all restricted resources for eligible costs prior to utilizing unrestricted funds.

(l) Fund Balance Classification

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

(m) Use of Estimates

Preparation of financial statements and related note disclosures conforms with GAAP and requires use of management's estimates. Accordingly, actual results could differ from those estimates. Significant management estimates relate to actuarial estimates and assumptions of the value of the retirement plan and other postemployment benefits and useful lives of depreciable capital assets.

(n) Data Control Codes

Data control codes appear in the rows above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

(2) Cash and Cash Equivalents

The Academy's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the Academy's agent approved pledged securities in an amount sufficient to protect Academy 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. Under the depository contract, the Academy, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates. At August 31, 2023, the carrying amount of the Academy's cash, savings, and time deposits was \$1,301,809. The Academy's cash is pooled with cash funds of Dallas County. As of August 31, 2023, Dallas County's combined deposits were fully insured by FDIC insurance or collateralized with securities pledged to the County, and held by the County's agent. Cash deposits held at financial institutions are insured and collateralized with securities held by the financial institution in the County's name.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(3) Interfund Receivables and Payables

	<u>As of August 31, 2023</u>	
	<u>Interfund receivables</u>	<u>Interfund payables</u>
Due from/to other funds:		
General fund	\$ 38,506	\$ —
Federal fund	—	38,506
	<u>\$ 38,506</u>	<u>\$ 38,506</u>

Interfund balances consist of short-term lending/ borrowing arrangements that result primarily from payroll and other regularly occurring charges for grants that are on a reimbursement basis, which are paid by the General fund and then charged back to the Federal fund. All interfund balances are expected to be repaid within one year.

(4) Capital Assets

Capital asset activities for the year ended August 31, 2023 are as follows:

	<u>Balance September 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance August 31, 2023</u>
Improvements to buildings	\$ 148,808	\$ -	\$ -	\$ 148,808
Less accumulated depreciation	(134,088)	(7,360)	-	(141,448)
Total	<u>14,720</u>	<u>(7,360)</u>	<u>-</u>	<u>7,360</u>
Furniture and equipment	204,723	-	-	204,723
Less accumulated depreciation	(204,723)	-	-	(204,723)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated, net	<u>\$ 14,720</u>	<u>\$ (7,360)</u>	<u>\$ -</u>	<u>\$ 7,360</u>

Depreciation expense of \$7,360 was charged to the following functions:

	<u>Amount</u>
Function:	
11	\$ 6,624
41	736
	<u>\$ 7,360</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(4) Capital Assets (Continued)

Improvements to buildings represents a \$148,808 improvement and renovation cost related to relocating the Substance Abuse Unit of the Academy. Accumulated depreciation as of August 31, 2023 is \$141,448 using the straight-line method over its useful life of 20 years. The County provides facilities and buildings, not reflected in the basic financial statements.

(5) Retirement Commitments

(a) Retirement Plan Description

The Academy administration support staff and teachers employed since July 29, 2004, are permanent, full-time Dallas County employees and participate in its pension plan (the Plan). The Academy's employees represent 1.24% of the total County active employees. The County provides retirement, disability and death benefits for all of its full-time employees through a non-traditional agent or multiple employer defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The TCDRS Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system consisting of 850 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an Annual Comprehensive Financial Report (ACFR) on a calendar year basis. The ACFR is available online at www.tcdrs.org or upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The governing body of the employer adopts the plan provisions within options available in Texas State Statutes (TCDRS Act) governing TCDRS. Members employed by the County are vested and may retire at age 60 and above with 10 or more years of service; with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after combined 10 years of employment with any organization with an accredited plan (not just the County), but must leave their accumulated contributions in the Plan to receive any employer financed benefit.

Benefit amounts are determined by the sum of the employee's contributions to the Plan, with interest and employer financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of an employees accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

At December 31, 2022 the following County employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,986
Inactive employees entitled but not yet receiving benefits	4,736
Active employees	6,399
Total	<u>15,121</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

(b) Funding Policy

The County has chosen a fixed rate plan under the provisions of the TCDRS Act. County employees with 1,000 or more hours of service a year are members of the Plan. The Plan is funded by monthly contributions from both the County and its employees based on the covered payroll of employee members. Regulated by the TCDRS Act, the previously required 13.93% contribution rate of the County (effective January 1, 2022) decreased to 13.23% January 1, 2023, is a fixed percentage adopted by the Commissioners Court matched by a 7% contribution rate payable by employee members.

The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percentage of covered payroll. Employee and County contribution rates may be changed by the Commissioners Court with options available in the TCDRS Act. If a plan has had adverse experience, the TCDRS Act provisions allow an employer to contribute a fixed supplemental contribution rate determined by the TCDRS actuary above the regular rate for 30 years, or to reduce benefits earned in the future.

(c) Net Pension Liability

The County's net pension Liability was measured as of December 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 Academy's net pension Liability was calculated based on five year average Academy contributions compared to the County.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

Actuarial Methods and Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated on Calander year basis as of December 31 2022, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of Pay) (1)
Amortization Method	
Recognition of economic / demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	4.70% The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.60% (Gross of administrative expenses.)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Dallas County are not considered to be substantively automatic under GASB68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality Depositing members	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

(1) Individual entry age cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age cost method is used for the funding actuarial valuation.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

Long-term expected rate of return.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The amounts are based on January 2023 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is reassessed in detail at a minimum of every four years, and is set based on a long-term horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2023 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with relevant actuarial standards of practice. Milliman, TCDRS' actuarial consultant, relies on the expertise of Cliffwater LLC in the assessment of the long-term expected rate of return. TCDRS may be contacted at TCDRS.org for more details.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Geometric Real Rate of Return⁽²⁾</u>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged LoanTR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited – Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate – Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90 Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater LLC's 2023 capital market assumptions.

(3) Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Discount rate ⁽¹⁾	7.60%
Long-term expected rate of return, net of investment expense ⁽¹⁾	7.60%
Municipal bond rate ⁽²⁾	Does not apply

⁽¹⁾ This rate reflects the long-term rate of return funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68.

⁽²⁾ The Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and the municipal bond rate does not apply.

The proportionate change in the plan liability for the Academy is described below.

Changes in Net Pension Liability / (Asset)

	Total pension liability (a)	Fiduciary net position (b)	Net pension liability / (asset) (a) - (b)
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance as of December 31, 2021	\$ 40,167,448	\$ 41,002,531	\$ (835,083)
	-	-	\$ -
Service cost	771,412	-	771,412
Interest on total pension liability ⁽¹⁾	2,741,695	-	2,741,695
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	223,660	-	223,660
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(86,969)	(86,969)	-
Benefit payments	(1,684,313)	(1,684,313)	-
Administrative expenses	-	(20,327)	20,327
Member contributions	-	454,996	(454,996)
Net investment income	-	(2,151,291)	2,151,291
Employer contributions	-	903,681	(903,681)
Other ⁽³⁾	-	(26,780)	26,780
Balance as of December 31, 2022	<u>\$ 42,132,933</u>	<u>\$ 38,391,528</u>	<u>\$ 3,741,405</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ No plan changes.

⁽³⁾ Relates to allocation of system-wide items.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

Sensitivity of the net pension liability to changes in the discount rate is below. The following presents the proportionate net pension liability of the Academy, calculated using the discount rate of 7.60% as well as the effect of a 1% higher and 1% lower discount rate.

	1% decrease <u>6.60%</u>	Current Rate Discount <u>7.60%</u>	1% increase <u>8.60%</u>
Total Pension Liability	\$ 43,268,151	\$ 42,132,933	\$ 33,842,394
Fiduciary Net Position	38,391,528	38,391,528	38,391,528
Net pension liability/ (asset)	<u>\$ 4,876,623</u>	<u>\$ 3,741,405</u>	<u>\$ (4,549,134)</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the County's ACFR.

(d) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended August 31, 2023, the Academy recognized pension expense of \$845,138.

<u>Pension (Income)/Expense</u>	<u>As of August 31, 2023</u>
Service Cost	\$ 771,412
Interest on total pension liability	2,741,695
Administrative expense	20,327
Member contributions	(454,996)
Expected Investment return (net of investment expense)	(2,817,500)
Recognition of deferred inflow/outflow or resources	-
Economic/demographic gains or losses	101,048
Assumption changes or inputs	408,178
Investment gains or losses	48,194
Other	26,780
Pension expense	<u>\$ 845,138</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(5) Retirement Commitments (Continued)

As of August 31, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred inflows/outflows of resources</u>	<u>As of August 31, 2023</u>	
	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>
Differences between expected and actual experience	\$ -	\$ 234,347
Change of Assumptions	11,880	828,235
Net difference between projected and actual earnings	-	553,801
Contributions made subsequent to measurement date ⁽¹⁾	-	506,903
	<u>\$ 11,880</u>	<u>\$ 2,123,286</u>

(1) Amounts will be recognized as reduction of the Net Pension liability in FY24.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ended August 31:</u>	<u>Amount</u>
2023	\$ 21,537
2024	443,332
2025	145,876
2026	993,758
Thereafter	-
Total	<u>\$ 1,604,503</u>

Annual Pension Cost

The Academy's actual employer contributions for the TCDRS plan was \$860,122 based upon the period January 1,2022 through December 31,2022. The annual required contributions actuarially determined as a percentage of the covered actuarial payroll of the participating employees for FY 2023 were based on the actual actuarial valuation.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(6) Other Post-Employment Benefits

General Information County OPEB Plan

Plan description

Academy employees are permanent, full-time County employees and participate in the County's medical plan, a single employer OPEB Plan. The Other Post Employment Benefits (OPEB) for the Academy is apportioned from Dallas County Retiree Welfare Plan Actuarial Valuation Report for the Measurement Year ended September 30, 2022.

Benefits provided

The County is not required by State law or contractual agreement to provide funding for OPEB. However, the County allows retirees and dependents to continue currently selected health, dental and other insurance benefits upon retirement. An employee must be eligible for retirement with a minimum 10 years of service credit within the County for insurance eligibility.

The County does not maintain a trust to pay for future OPEB expenses. However, the County annually budgets amounts necessary to cover pay-as-you-go costs of benefits to retirees and eligible beneficiaries and their dependents. Contribution, adjustment, or elimination of the contribution and adjustments to OPEB eligibility are subject to the governing body's annual budgetary discretion.

Employees covered by benefit terms

At September 30, 2023, 87 active employees were covered by the benefit terms.

OPEB Liability

The Academy's total OPEB liability of \$1,552,659 was measured as of September 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(6) Other Post-Employment Benefits (Continued)

Salary Increases	Varies by age and service. 3.9% over career including inflation
Discount rate	4.02
Healthcare cost trends	6.75% for 2022, decreasing 0.25% per year to ultimate rate of 4.0% for 2033 and later years
Medicare cost trend rates	6.75% for 2022, decreasing 0.25% per year to ultimate rate of 4.0% for 2033 and later years
Retirees' share of benefit-related costs	57.50% of projected health insurance premiums for retirees

The discount rate was based on 20 year, tax exempt general obligation bonds with an average rating of AA/Aa or higher or equivalent quality on another rating scale. This rate was obtained based on the Bond Buyer 20-Bond-Go Index as reported in the Bond Buyer.

Mortality rates were based on the Pub-2010 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2019.

	<p><u>2022</u> <u>OPEB</u> <u>Liability</u> (In thousands)</p>
Balance at September 30, 2021	<u>\$ 1,891,261</u>
Changes for the year	
Service Cost	209,836
Interest	47,380
Difference between expected and actual experience	(70,219)
Changes in assumptions or other inputs	(516,341)
Benefit payments	<u>(9,258)</u>
Net changes	<u>(338,602)</u>
Balance at September 30, 2022	<u>1,552,659</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(6) Other Post-Employment Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Academy, as well as what the Academy's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	1% Decrease 3.02%	Discount Rate 4.02%	1% Increase 5.02%
Total OPEB Liability	<u>\$ 1,824,000</u>	<u>\$ 1,553,000</u>	<u>\$ 1,335,000</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Academy, as well as what the Academy's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 4.0%) or 1-percentage-point higher (8.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate 6.75%	1% Increase
Total OPEB Liability	<u>\$ 1,290,000</u>	<u>\$ 1,553,000</u>	<u>\$ 1,891,000</u>

OPEB Expense	
Service Cost	209,836
Interest Cost	47,380
Difference between expected and actual experience	(4,844)
Changes in assumptions or other inputs	<u>(34,357)</u>
OPEB Expense	<u>218,015</u>

(1) Changes of assumptions and other inputs reflect a change in the discount rate of 2.26% in 2021 to 4.02 % in 2022.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(6) Other Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the Academy recognized OPEB expense of \$218,015. At September 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		(1,028,299)
Changes of assumptions/ other inputs	343,620	(940,373)
Total	<u>\$ 343,620</u>	<u>\$ (1,968,672)</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended September 30:		
2023	\$	(173,057)
2024	\$	(173,057)
2025	\$	(173,057)
2026	\$	(173,057)
2027	\$	(173,057)
Thereafter		<u>(759,767)</u>
	<u>\$</u>	<u>(1,625,052)</u>

(7) Contingencies

The Academy participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Academy has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable, if any, at August 31, 2023 may be impaired. In the opinion of the Academy, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, a provision has not been recorded in the accompanying basic financial statements for such contingencies.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Financial Statements

August 31, 2023

(8) Risk Management

The Academy's Risk Management plan is covered by the County's plan. The County has elected to self-insure against risks arising from tort claims, employee group medical insurance benefits, workers' compensation benefits due to employees who are injured while on duty, loss of funds by theft or mysterious disappearances in all fee offices of the County (with the exception of the Office of County Tax Assessor Collector, and the Office of County Treasurer), and any and all other claims asserted by employees and/or third parties against the County arising out of the normal conduct of County business. The County has chosen to be a reimbursing employer under the unemployment compensation program administered by the Texas Workforce Commission.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
 Budgetary Comparison Schedule
 General Fund

For the Year Ended August 31, 2023

(Unaudited)

Data Control Codes	Budgeted amounts Original	Budgeted amounts Final	Actual amounts (GAAP basis)	Variance with final budget positive (negative)
Fund balance, September 1, 2022	\$ 2,073,460	\$ 2,073,460	\$ 2,073,460	\$ -
Resources (inflows):				
5700 Local and intermediate sources	-	-	1,364,339	1,364,339
5800 State program revenues	5,059,445	6,042,664	5,197,036	(845,628)
Amounts available for appropriation	<u>7,132,905</u>	<u>8,116,124</u>	<u>8,634,835</u>	<u>518,711</u>
Charges to appropriations (outflows):				
11 Instruction	4,128,843	4,128,843	4,200,759	(71,916)
13 Curriculum development and instructional staff	500	500	-	500
21 Instruction leadership	242,678	242,678	239,475	3,203
23 School leadership	849,371	849,371	876,117	(26,746)
31 Guidance, counseling and evaluation services	368,352	368,352	376,654	(8,302)
34 Student (pupil) transportation	8,000	8,000	3,600	4,400
41 General administration	423,620	423,620	430,082	(6,462)
51 Facilities maintenance and operations	21,300	21,300	-	21,300
Total charges to appropriations	<u>6,042,664</u>	<u>6,042,664</u>	<u>6,126,687</u>	<u>(84,023)</u>
Other financing sources (Uses):				
7915 Operating Transfers in	-	-	-	-
8911 Operating Transfers out	-	-	(434,688)	434,688
7949 Other resources	-	-	1,316,825	(1,316,825)
8949 Other Uses	-	-	(1,316,825)	1,316,825
7080 Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>(434,688)</u>	<u>434,688</u>
3000 Fund balance, August 31, 2023	<u>\$ 1,090,241</u>	<u>\$ 2,073,460</u>	<u>\$ 2,073,460</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedules.

Required Supplementary Information
DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
 Budgetary Comparison Schedule
 Federal Funds
 For the Year Ended August 31, 2023
 (Unaudited)

<u>Data Control Codes</u>	<u>Budgeted amounts Original</u>	<u>Budgeted amounts Final</u>	<u>Actual amounts (GAAP basis)</u>	<u>Variance with final budget positive (negative)</u>
Fund balance, September 1, 2022	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
5900 Federal program revenues	<u>1,882,024</u>	<u>2,035,463</u>	<u>1,525,375</u>	<u>(510,088)</u>
Amounts available for appropriation	<u>1,882,024</u>	<u>2,035,463</u>	<u>1,525,375</u>	<u>(510,088)</u>
Charges to appropriations (outflows):				
11 Instruction	1,275,426	1,427,486	1,524,239	(96,753)
13 Curriculum development and instructional staff	5,000	6,378	6,769	(391)
21 Instruction leadership	103,221	103,221	102,690	531
31 Guidance, counseling and evaluation services	286,497	286,497	300,190	(13,693)
52 Security and monitoring services	<u>211,880</u>	<u>211,880</u>	<u>26,175</u>	<u>185,705</u>
Total charges to appropriations	<u>1,882,024</u>	<u>2,035,463</u>	<u>1,960,063</u>	<u>75,400</u>
Other financing sources (Uses):				
7915 Operating Transfers in	-	-	434,688	(434,688)
8911 Operating Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>434,688</u>	<u>(434,688)</u>
Fund balance, August 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedules.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2023

Budgetary Information

The Academy is required by state law to adopt an annual budget for the general fund. Each budget is presented on the modified accrual basis of accounting, which is consistent with GAAP. However, the presentation is shown as inflows and outflows. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 31, of the preceding fiscal year, the Academy prepares a budget for the next succeeding fiscal year beginning September 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 10 days public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.
4. Copies of the approved budget are filed in the office of the County Clerk and must be filed with the TEA no later than November 1 of the year for which the budget is adopted.

Once a budget is approved, it can be amended at the fund level only by approval of a majority of the members of the Board. The legal level of control is at the fund and function level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

It is noted that when official budget amendments are sought, it serves as an opportunity to make adjustments based on the Summary of Finance payments (i.e., state funds) due to modifications in the funding, which are made on a six weeks reporting cycle.

Each budget is prepared and controlled by the budget coordinator at the fund level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

The variances in State Aid is due to a decrease in student enrollment and attendance because of the COVID pandemic. The Academy received additional federal funds to offset the decrease in State Aid.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Notes to Budgetary Comparison Schedules

August 31, 2023

Schedule of Changes in Total OPEB Liability
Measurement Year Ended September 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service Cost	\$ 209,836	\$ 212,333	\$ 206,635	\$ 149,294	\$ 194,347	\$ 231,200
Interest	47,380	41,274	52,063	55,015	88,541	75,273
Difference between expected and actual experience	(70,219)	-	(447,174)	-	(930,770)	-
Changes in assumptions or other inputs	(516,341)	(17,627)	93,133	382,606	(427,964)	(289,304)
Benefit payments	(9,258)	-	-	(6,311)	-	-
Net change in total OPEB liability	(338,602)	235,980	(95,343)	580,604	(1,075,846)	17,169
Total OPEB liability - beginning	1,891,261	1,655,281	1,750,624	1,170,020	2,245,866	2,228,697
Total OPEB liability - ending	<u>\$ 1,552,659</u>	<u>\$ 1,891,261</u>	<u>\$ 1,655,281</u>	<u>\$ 1,750,624</u>	<u>\$ 1,170,020</u>	<u>\$ 2,245,866</u>
Covered employee payroll	6,245,557	5,632,000	5,441,534	5,053,179	4,841,585	4,555,086
Total OPEB liability as a percentage of covered employee payroll	24.86%	33.58%	30.42%	34.64%	24.17%	49.30%

Notes to Schedule:

1. GASB Statement No. 75 was implemented in FY18.
2. Changes to assumptions: Changes to assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.02%
2021	2.26%
2020	2.21%
2019	2.66%
2018	4.18%
2017	3.63%

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Required Supplementary Information

For The Year Ended August 31, 2023

(Unaudited)

Schedule of Changes in Net Pension Liability

December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability (1):						
Service Cost	\$ 771,412	\$ 812,185	\$ 693,326	\$ 654,296	\$ 641,323	\$ 663,742
Interest on total pension liability	2,741,695	2,669,863	2,555,343	2,468,926	2,322,506	2,209,312
Effect of assumption changes or inputs	-	(24,276)	2,070,587	-	-	128,252
Effect of economic/demographic gain or loss	223,660	32,741	79,156	92,846	12,736	(13,947)
Benefit payments/refunds of contributions	<u>(1,771,282)</u>	<u>(1,665,816)</u>	<u>(1,593,913)</u>	<u>(1,546,720)</u>	<u>(1,383,138)</u>	<u>(1,308,862)</u>
Net change in total pension liability	1,965,485	1,824,697	3,804,499	1,669,348	1,593,427	1,678,497
Total pension liability, beginning	<u>40,167,448</u>	<u>38,342,751</u>	<u>34,538,252</u>	<u>32,868,905</u>	<u>31,275,478</u>	<u>29,596,981</u>
Total pension liability, ending (a)	<u>\$ 42,132,933</u>	<u>\$ 40,167,448</u>	<u>\$ 38,342,751</u>	<u>\$ 34,538,253</u>	<u>\$ 32,868,905</u>	<u>\$ 31,275,478</u>
Plan Fiduciary Net Position (1):						
Employer contributions	903,681	764,432	765,673	681,016	632,090	612,584
Member contributions	454,996	408,956	401,821	383,853	360,606	351,818
Investment income net of investment expenses	(2,151,291)	6,910,186	3,038,102	4,303,911	(505,306)	3,493,454
Benefit payments/refunds of contributions	(1,771,282)	(1,665,816)	(1,593,913)	(1,546,720)	(1,383,138)	(1,308,862)
Administrative Expense	(20,327)	(20,618)	(23,410)	(22,855)	(20,854)	(18,021)
Other	<u>(26,780)</u>	<u>(5,158)</u>	<u>(12,669)</u>	<u>(12,377)</u>	<u>(8,829)</u>	<u>(4,779)</u>
Net changes in fiduciary net position	(2,611,003)	6,391,982	2,575,604	3,786,828	(925,431)	3,126,194
Fiduciary net position, beginning	<u>41,002,531</u>	<u>34,610,549</u>	<u>32,034,945</u>	<u>28,248,118</u>	<u>29,173,549</u>	<u>26,047,355</u>
Fiduciary net position, ending (b)	<u>\$ 38,391,528</u>	<u>\$ 41,002,531</u>	<u>\$ 34,610,549</u>	<u>\$ 32,034,946</u>	<u>\$ 28,248,118</u>	<u>\$ 29,173,549</u>
Net pension liability, ending (a)-(b)	<u>\$ 3,741,405</u>	<u>\$ (835,083)</u>	<u>\$ 3,732,202</u>	<u>\$ 2,503,307</u>	<u>\$ 4,620,787</u>	<u>\$ 2,101,929</u>
Net position as a % of total pension liability	91%	102%	90%	93%	86%	93%
Pensionable covered payroll	\$ 6,487,242	\$ 5,842,228	\$ 5,733,319	\$ 5,481,428	\$ 5,151,508	\$ 5,021,182
Net pension liability as a percentage of covered-employee payroll	58%	-14%	65%	46%	90%	42%

(1) Pensionable covered payroll amounts represents allocation from Dallas County as of measurement date.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE

Required Supplementary Information

For The Year Ended August 31, 2023

(Unaudited)

Schedule of Pension Contributions
(in thousands)

Academy	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 924	\$ 752	\$ 752	\$ 750	\$ 670
Contributions in relation to the actuarially determined contribution	924	752	752	750	670
Contribution (excess) deficiency	-	-	-	-	-
Pensionable Covered payroll	\$ 7,062	\$ 5,747	\$ 5,631	\$ 6,037	\$ 5,412
Contributions as a percentage of covered employee payroll	13.08%	13.08%	13.35%	12.42%	12.38%

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.1 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Contributions*	
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

SUPPLEMENTARY INFORMATION

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Federal Sub- Funds
Combining Schedule of Fund Balances
As of August 31, 2023

Data Control Codes	ESEA, Title I, Part A 7502	Title II, Part A 7503	IDEA B Capacity 7506	ESEA, Title I, Part D 7509	Title III, Part A 7511	Title IV, Part A 7512	ESSER III 7519	COVID-19 School Health Support 7520	SCHOOL SAFETY STANDARDS 7521	Perkins Grant 7522	Total federal sub funds	
Assets												
1242	Due from federal agencies	46,200	-	3,414	91,467	2,240	20,434	51,191	-	5,652	2,000	222,598
	Total assets	<u>\$ 46,200</u>	<u>\$ -</u>	<u>\$ 3,414</u>	<u>\$ 91,467</u>	<u>\$ 2,240</u>	<u>\$ 20,434</u>	<u>\$ 51,191</u>	<u>\$ -</u>	<u>\$ 5,652</u>	<u>\$ 2,000</u>	<u>\$ 222,598</u>
Liabilities and fund balances												
Liabilities:												
2110	Accounts payable	-	-	-	-	(3,055)	-	-	5,652	-	2,597	
2160	Accrued wages payable	24,698	-	4,277	58,682	1,015	370	9,964	-	-	99,006	
2170	Due to other funds	(6,872)	16	(6,021)	(16,013)	1,050	23,119	41,227	-	2,000	38,506	
	Due to County	28,374	(16)	5,158	48,798	175	-	-	-	-	82,489	
	Total liabilities	<u>\$ 46,200</u>	<u>-</u>	<u>\$ 3,414</u>	<u>\$ 91,467</u>	<u>\$ 2,240</u>	<u>\$ 20,434</u>	<u>\$ 51,191</u>	<u>-</u>	<u>\$ 5,652</u>	<u>\$ 2,000</u>	<u>\$ 222,598</u>
Fund balances:												
3600	Unassigned	-	-	-	-	-	-	-	-	-	-	
	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	Total liabilities and fund balances	<u>\$ 46,200</u>	<u>\$ -</u>	<u>\$ 3,414</u>	<u>\$ 91,467</u>	<u>\$ 2,240</u>	<u>\$ 20,434</u>	<u>\$ 51,191</u>	<u>\$ -</u>	<u>\$ 5,652</u>	<u>\$ 2,000</u>	<u>\$ 222,598</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Federal Sub Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended August 31, 2023

Data Control Codes		ESEA, Title I,	ESEA, Title I,	Title II,	IDEA B	Title III, Part	Title IV,	TCLAS- ESSER III	COVID-19	SCHOOL	Perkins	Total federal sub funds	
		Part A 7502	Part D 7509	Part A 7503	Capacity 7506	A 7511	Part A 7512		ESSER III 7517	School Health Support 7520	SAFETY STANDARDS 7521		Grant 7522
	Revenues:												
5900	Federal program revenues	\$ 358,164	\$ 852,119	\$ 20,073	\$ 49,661	2,624	24,475	147,536	51,191	11,880	5,652	2,000	1,525,375
	Total revenues	<u>358,164</u>	<u>852,119</u>	<u>20,073</u>	<u>49,661</u>	<u>2,624</u>	<u>24,475</u>	<u>147,536</u>	<u>51,191</u>	<u>11,880</u>	<u>5,652</u>	<u>2,000</u>	<u>1,525,375</u>
	Expenditures:												
	Current:												
11	Instruction	495,842	785,401	20,073	95,655	1,574	9,063	107,226	9,405	-	-	-	1,524,239
13	Curriculum development and instructional staff	-	-	-	-	-	6,769	-	-	-	-	-	6,769
21	Instruction leadership	-	102,130	-	-	-	-	-	560	-	-	-	102,690
31	Guidance, counseling and evaluation services	-	300,190	-	-	-	-	-	-	-	-	-	300,190
52	Security and monitoring services	-	-	-	-	-	8,643	-	-	11,880	5,652	-	26,175
	Total expenditures	<u>495,842</u>	<u>1,187,721</u>	<u>20,073</u>	<u>95,655</u>	<u>1,574</u>	<u>24,475</u>	<u>107,226</u>	<u>9,965</u>	<u>11,880</u>	<u>5,652</u>	<u>-</u>	<u>1,960,063</u>
1100	Excess (deficiency) of revenues	<u>(137,678)</u>	<u>(335,602)</u>	<u>-</u>	<u>(45,994)</u>	<u>1,050</u>	<u>-</u>	<u>40,310</u>	<u>41,226</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(434,688)</u>
	Other financing sources (uses)												
8911	Transfers Out	137,678	335,602	-	45,994	(1,050)	-	(40,310)	(41,226)	-	-	(2,000)	434,688
7080	Total other financing sources (uses)	<u>137,678</u>	<u>335,602</u>	<u>-</u>	<u>45,994</u>	<u>(1,050)</u>	<u>-</u>	<u>(40,310)</u>	<u>(41,226)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>434,688</u>
	Fund balances – beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balances – ending of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Schedule of Expenditures for Computations of Indirect Cost for 2022-2023
General and Special Revenue Funds
For the Year Ended August 31, 2023
(Unaudited)

Function 41 – General Administration

Account number	Account name	A School Board	B Tax Collection	C Supt's Office	D Indirect Cost	E Direct Cost	F Miscellaneous	G Total
611X-6146	Payroll costs	\$ -	\$ -	\$ -	\$ 361,448	\$ -	\$ -	\$ 361,448
6212	Audit services	-	-	-	65,705	-	-	65,705
63XX	Other supplies materials	-	-	-	2,715	-	-	2,715
64XX	Other Operating Cost	-	-	-	214	-	-	214
6000	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 430,082</u>
Total expenditures for General and Special Revenue Funds								\$ 8,086,750
Less deductions of unallowable costs								
Fiscal year:								
Column D (above) – total indirect cost								\$ 430,082
Net allowed direct cost								<u>\$ 7,656,668</u>

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Fund Balance and Cash Flow Calculation Worksheet
General Fund
As of August 31, 2023
(Unaudited)

Data Control Codes	Explanation	Amount
1	Total General Fund Balance 8/31/22 (Exhibit C-1 object 3000 for the General Fund only)	\$ 2,073,460
2	Total Reserved Fund Balance (Exhibit C-1 – total of object 3400s for the General Fund only)	—
3	Total Designated Fund Balance (Exhibit C-1 – total of object 3500s for the General Fund only)	—
4	Estimated amount needed to cover all cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	—
5	Estimate of one month’s average cash disbursements of the General Fund for the school year (9/1/22-8/31/2023)	<u>510,557</u>
6	Optimum Fund Balance and Cash Flow (2 + 3 + 4 + 5)	<u>510,557</u>
7	Excess (deficit) undesignated unreserved General Fund fund balance (1 – 6)	<u>\$ 1,562,903</u>
	Explanation of need for and/or projected use of net positive undesignated unreserved General Fund balance:	

Management of the Academy will continue to budget conservatively to ensure adequate funds are always available. Enrollment in the Academy is typically stable in all of the campuses except for the Juvenile Detention Center. Academy enrollment at the detention center is dependent upon the number of youth being detained and will vary throughout the year based on the Juvenile Detention Center population. Consequently, it is imperative that the management maintain adequate funding to account for any major fluctuations in attendance. It is management's position to internally account for a minimum amount of three months of cash reserve before budgeting for additional expenses. Excess funds will be used to continue to enhance critical needs areas such as Special Education, English as a Second Language (ESL), and transition as it relates to drop out prevention. Moreover, excess funds will be used to ensure compliance with federal mandates associated with the No Child Left Behind Act of 2001.

DALLAS COUNTY ACADEMY FOR ACADEMIC EXCELLENCE
Compensatory Education Program And Bilingual Education Program Compliance Responses
August 31, 2023
(Unaudited)

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.	\$ 605,977
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 1,173,770
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.	\$ 33,298
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PICs 25, 35)	\$ 58,525

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*

INDEPENDENT AUDITOR'S REPORT

Honorable Judge Cheryl Lee-Shannon, Chairperson
Juvenile Board of Dallas County, Texas

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 and each major fund of the Dallas County Academy for Academic Excellence (the "Academy"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated February 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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*.

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.

Deloitte & Touche LLP

February 19, 2024