

PEASTER
INDEPENDENT SCHOOL DISTRICT
WEATHERFORD, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023



**PEASTER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

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CERTIFICATE OF BOARD

Peaster Independent School District	Parker	184908
Name of School District	County	County – District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended **June 30, 2023**, at a meeting of the Board of Trustees of such school district on the **16th** day of **November 2023**.



Signature of Board President



Signature of Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(Attach list as necessary)

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Member of Texas Society of CPA's and American Institute of CPA's

Richard E. Rodgers CPA • Gerald L. Rodgers CPA

November 13, 2023

Qualified Opinion (Scope Limitation) on Opinion Unit because of One Unaudited Component Unit Report on Financial Statements Issued in Accordance with *Government Auditing Standards* and a Single Audit Accompanied by Required Supplementary Information, Supplementary Information, and Other Information

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Peaster Independent School District
Weatherford, Texas 76088

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Peaster Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Peaster Independent School District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Not Applicable - None
Aggregate Discretely Presented Component Units	Qualified
Governmental Major Fund - General Fund	Unmodified
Governmental Major Fund - SSA - PCCPS	Unmodified
Governmental Major Fund - Debt Service Funds	Unmodified
Governmental Major Fund - Capital Projects Fund	Unmodified
Enterprise Fund	Not Applicable - None
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the Peaster Independent School District, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

James E. Rodgers and Company, P.C.

Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Peaster Independent School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peaster Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Peaster Education Foundation Component Unit (PEFCU) have not been audited, and we were not engaged to audit the PEFCU financial statements as part of our audit of the Peaster Independent School District's basic financial statements. PEFCU's financial activities are included in the Peaster Independent School District's basic financial statements as a part of the aggregate discretely presented component unit and represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the Peaster Independent School District's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peaster Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities/or 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 generally accepted auditing standards 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.

James E. Rodgers and Company, P.C.

In performing an audit in accordance with generally accepted auditing standards 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 Peaster Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peaster Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and schedules for pension and OPEB liabilities and contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peaster Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Required TEA Schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

James E. Rodgers and Company, P.C.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the Peaster Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Peaster Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peaster Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "James E. Rodgers and Company". The signature is written in a cursive, flowing style.

James E. Rodgers and Company, P.C.

USING TIDS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district. The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position (Exhibit A-1). Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we combine the District into one kind of activity (all governmental activities).

Governmental activities-All of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with the Governmental Funds Balance Sheet (Exhibit C-1) and provide detailed information about the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the "Elementary and Secondary Education Act (ESEA) Title I, Part A, Improving Basic Programs" act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds (governmental and proprietary) use different accounting approaches.

Governmental funds-Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation schedule following each of the fund financial statements.

Proprietary funds-The District does not maintain proprietary funds at present.

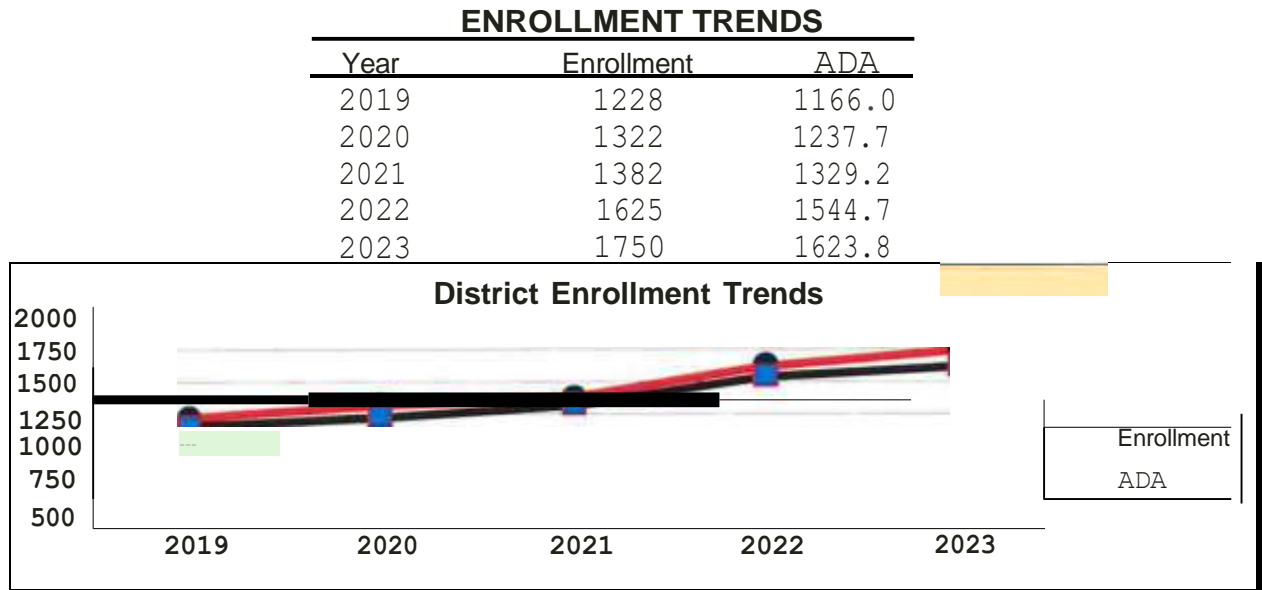
The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net position (Exhibit E-1). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

State funding in Texas is based upon the District's average daily attendance, thus the District's revenue is highly dependent on enrollment trends. The District receives additional weighted funding for students enrolled in career and technology coursework, gifted and talented, special, bilingual, and compensatory education programs. The demographics of the District and the types of coursework students pursue are continuing to evolve in the District. The following chart details the enrollment trends of the District.



The following table indicates the net position of the District at the end of the previous and current years.

Table I PEASTER INDEPENDENT SCHOOL DISTRICT Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 31,679,151	\$ 18,523,732	\$ -	\$ -	\$ 31,679,151	\$ 18,523,732
Capital assets	28,205,350	44,731,234	-	-	28,205,350	44,731,234
Deferred Outflows	3,064,141	5,403,916	-	-	3,064,141	5,403,916
Total assets & deferred outflows	\$ 62,948,642	\$ 68,658,882	\$ -	\$ -	\$ 62,948,642	\$ 68,658,882
Long-term liabilities	\$ 47,989,037	\$ 50,057,366	\$ -	\$ -	\$ 47,989,037	\$ 50,057,366
Other liabilities	2,524,945	2,829,546	-	-	2,524,945	2,829,546
Net pension liability	1,838,925	5,271,059	-	-	1,838,925	5,271,059
Net OPEB liability	4,557,278	3,312,201	-	-	4,557,278	3,312,201
Deferred Inflows	5,268,282	5,530,468	-	-	5,268,282	5,530,468
Total liabilities & deferred inflows	\$ 62,178,467	\$ 67,000,640	\$ -	\$ -	\$ 62,178,467	\$ 67,000,640
Net Position:						
Net Investment in capital assets	\$ 620,074	\$ 3,202,683	\$ -	\$ -	\$ 620,074	\$ 3,202,683
Restricted	3,573,943	4,910,666	-	-	3,573,943	4,910,666
Unrestricted	(3,423,842)	(6,455,107)	-	-	(3,421,842)	(6,455,107)
Total Net Position	\$ 770,175	\$ 1,658,242	\$ -	\$ -	\$ 770,175	\$ 1,658,242

The following table indicates the changes in net position of the District during the previous and current years.

Table II
PEASTER INDEPENDENT SCHOOL DISTRICT
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Program Revenues:						
Charges for Services	\$ 2,218,377	\$ 2,492,445	\$ -	\$ -	\$ 2,218,377	\$ 2,492,445
Operating grants & contributions	3,883,854	3,051,896	-	-	3,883,854	3,051,896
General Revenues:						
Maintenance & operations taxes	5,041,049	5,573,904	-	-	5,041,049	5,573,904
Debt service taxes	2,874,541	3,255,167	-	-	2,874,541	3,255,167
State aid - formula grants	9,353,095	9,339,134	-	-	9,353,095	9,339,134
Grants and contributions not restricted to specific functions	-	-	-	-	-	-
Investment earnings	97,980	661,210	-	-	97,980	661,210
Miscellaneous	314,948	851,565	-	-	314,948	851,565
Total Revenues	\$ 23,783,844	\$ 25,225,321	\$ -	\$ -	\$ 23,783,844	\$ 25,225,321
Expenses						
Instruction, curriculum & media services	\$ 11,632,823	\$ 12,514,854	\$ -	\$ -	\$ 11,632,823	\$ 12,514,854
Instructional & school leadership	1,237,552	1,411,590	-	-	1,237,552	1,411,590
Student support services	2,046,863	2,251,241	-	-	2,046,863	2,251,241
Food Services	755,465	790,857	-	-	755,465	790,857
Extracurricular activities	1,238,260	1,765,601	-	-	1,238,260	1,765,601
General administration & data processing	1,113,437	1,649,329	-	-	1,113,437	1,649,329
Plant maintenance & security	2,077,040	2,023,614	-	-	2,077,040	2,023,614
Community Services	-	-	-	-	-	-
Interest & fees on long term debt	1,251,339	1,547,909	-	-	1,251,339	1,547,909
Other business-type activities & intergovernmental	283,460	358,656	-	-	283,460	358,656
Total Expenditures	\$ 21,636,239	\$ 24,313,651	\$ -	\$ -	\$ 21,636,239	\$ 24,313,651
Increase in net position before transfers and special items	\$ 2,147,605	\$ 911,670	\$ -	\$ -	\$ 2,147,605	\$ 911,670
Transfers	-	-	-	-	-	-
Extraordinary & special item	-	-	-	-	-	-
Prior period adjustment	(17,878)	(23,603)	-	-	(17,878)	(23,603)
Net position at 9/1	(1,359,552)	770,175	-	-	(1,359,552)	770,175
Total Net Position	\$ 770,175	\$ 1,658,242	\$ -	\$ -	\$ 770,175	\$ 1,658,242

An analysis of the change in the net position for governmental activities is as follows:

Excess of Revenues Over Expenditures for Governmental Funds	\$(13,421,455)
Net Gain (Loss) of Internal Service Funds	
Current Year Purchases of Capital Assets	18,323,851
Current Year Debt Principal Payments	1,595,041
Depreciation	(1,797,967)
Other Modified to Full Accrual Revenue Adjustments	(3,692,121)
Net Adjustment to Pension Expense per GASB 68	(430,860)
Net Adjustment for OPEB plan required by GASB 75	<u>335,181</u>
Change in Net Position of Governmental Activities	<u>\$ 911,670</u>

THE DISTRICT'S FUNDS

A financial summary of the District's funds for the current year is as follows:

Governmental Fund Financial Statements					
	General Fund	Special Revenue Fllllds	Debt Service Fund	Capital Projects Fund	Total
Revenues	\$ 16,448,448	\$ 5,554,302	\$3,495,578	\$ 419,133	\$ 25,917,461
Expenditures	(16,271,787)	(5,534,056)	(2,825,550)	(18,410,905)	(43,042,298)
Other Financing Sources	18,454	-	-	3,684,928	3,703,382
Other Financing Uses	-	-	-	-	-
Net Change in Fund Balance	\$ 195,115	\$ 20,246	\$ 670,028	\$(14,306,844)	\$ (13,421,455)
Beginning Fund Balance	4,611,788	1,250,928	2,894,842	20,141,207	28,898,765
Prior Period Adjustment	-	-	-	-	-
Ending Fund Balance					
AU Governmental Funds	\$ 4,806,903	\$ 1,271,174	\$ 3,564,870	\$ 5,834,363	\$ 15,477,310

The District modified its budget several times during the year resulting in a net change in budgeted expenditures between the original and final budget in the District's General Fund. The current year general fund original and amended budget is detailed in Exhibit G-1.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the current year end, the District had invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, food services and maintenance. This year's major additions and the net change in total capital assets are as follows:

New Field House & Gym.Floor	\$ 2,192,891
Library Books	3,983
Construction in Progress	16,386,901
Land for New Intennediate School	11,321
Baseball Backstop, Refrigerator, & Mower	36,627
Vehicles including Buses	981,584
Right-to-Use Lease & SBITA Assets	85,400
TOTAL	\$ 19,698,707
Total Additions	\$ 19,698,707
Total Deletions	1,374,856
Net Change	\$ 18,323,851

The District's next fiscal year general fund capital budget indicates no significant additions except for construction completion.

Debt

The District's long-term debt at the end of the current period is as follows:

	Interest Rate on Issue	Amounts Original Issue	Interest Current Year	Outstanding 6/30/2023	Next Year's Total Principal and Interest Requirement
2014B School Building Bonds	2.00%-3.00%	\$ 5,745,000	\$ 20,025	\$ 550,000	\$ 272,600
2015 Tax Refunding Bonds	2.00%-4.00%	\$ 3,555,000	110,025	2,770,000	279,775
2018 Tax Refunding Bonds	0.50%-4.00%	\$ 6,900,000	264,450	5,445,000	567,250
2018A Tax Refunding Bonds	2.00%-5.00%	\$ 3,699,429	35,000	1,949,429	486,875
2018B Tax Refunding Bonds	3.34%-4.00%	\$ 2,177,877	46,800	2,177,877	46,800
2020 Tax Refunding Bonds	4.00%-4.00%	\$ 4,710,000	143,348	4,650,000	143,348
2021 Tax School Building Bonds	3.00%-5.00%	\$ 24,300,000	771,525	24,085,000	912,400
2022 Tax School Building Bonds	4.00%-5.00%	\$ 3,470,000	60,378	3,470,000	434,750
2020 Series Maintenance Tax Notes	3.00%-4.00%	\$ 318,000	8,121	261,101	26,575
Right-to-Use Lease Asset Liabilities	4.00%-12.40%	\$ 570,861	15,815	143,364	87,854
SBITA Asset Liabilities	4.00%-4.00%	\$ 7,020	266	5,694	1,708
Totals			\$ 1,475,753	\$ 45,507,465	\$ 3,259,935

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the next fiscal year budget and tax rates. Property values along with expected student enrollment were implicit in the expected revenue and expenditures when adopting the budget for next year. A summary of the subsequent fiscal year budget for funds legally required to be budgeted is as follows:

Fiscal Year 2023 - 2024 Adopted Budget				
	General Fund	Child Nutrition Fund	Debt Service Fund	TOTALS
Revenues	\$ 17,064,383	\$ 793,000	\$ 4,385,762	\$ 22,243,145
Expenditures	(18,483,731)	(870,634)	(3,147,798)	(22,502,163)
Other Financing Sources	-	-	-	-
Other Financing Uses	-	-	-	-
Net Change in Fund Balance	\$ (1,419,348)	\$ (77,634)	\$ 1,237,964	\$ (259,018)
Beginning of Year Fund Balance	4,806,903	257,644	3,564,870	8,629,417
Projected End of Year Fund Balance	\$ 3,387,555	\$ 180,010	\$ 4,802,834	\$ 8,370,399

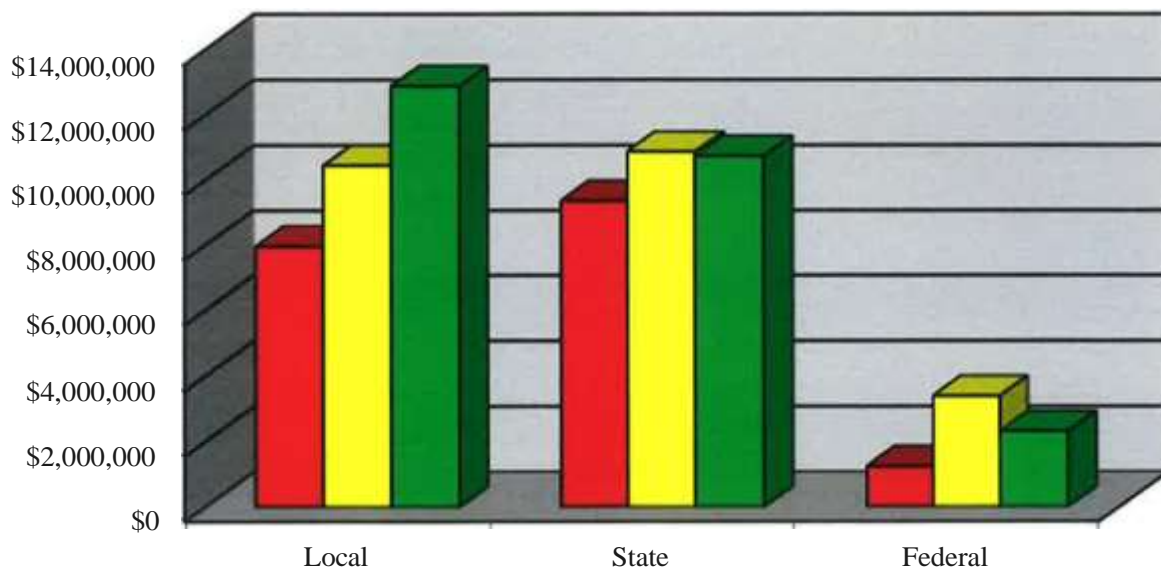
The following graph indicates the District's revenues by source for the last three years.

PEASTER INDEPENDENT SCHOOL DISTRICT

REVENUES BY SOURCE

	FY 2020-2021	FY 2021-2022	FY 2022-2023
ADA	1329,229	1544,691	1623,800
Local	\$7,955,774	\$10,441,556	\$12,872,856
State	9,352,279	10,863,910	10,735,698
Federal	1,235,014	3,378,057	2,308,907
Total	\$18,543,067	\$24,683,523	\$25,917,461

Revenues by Source

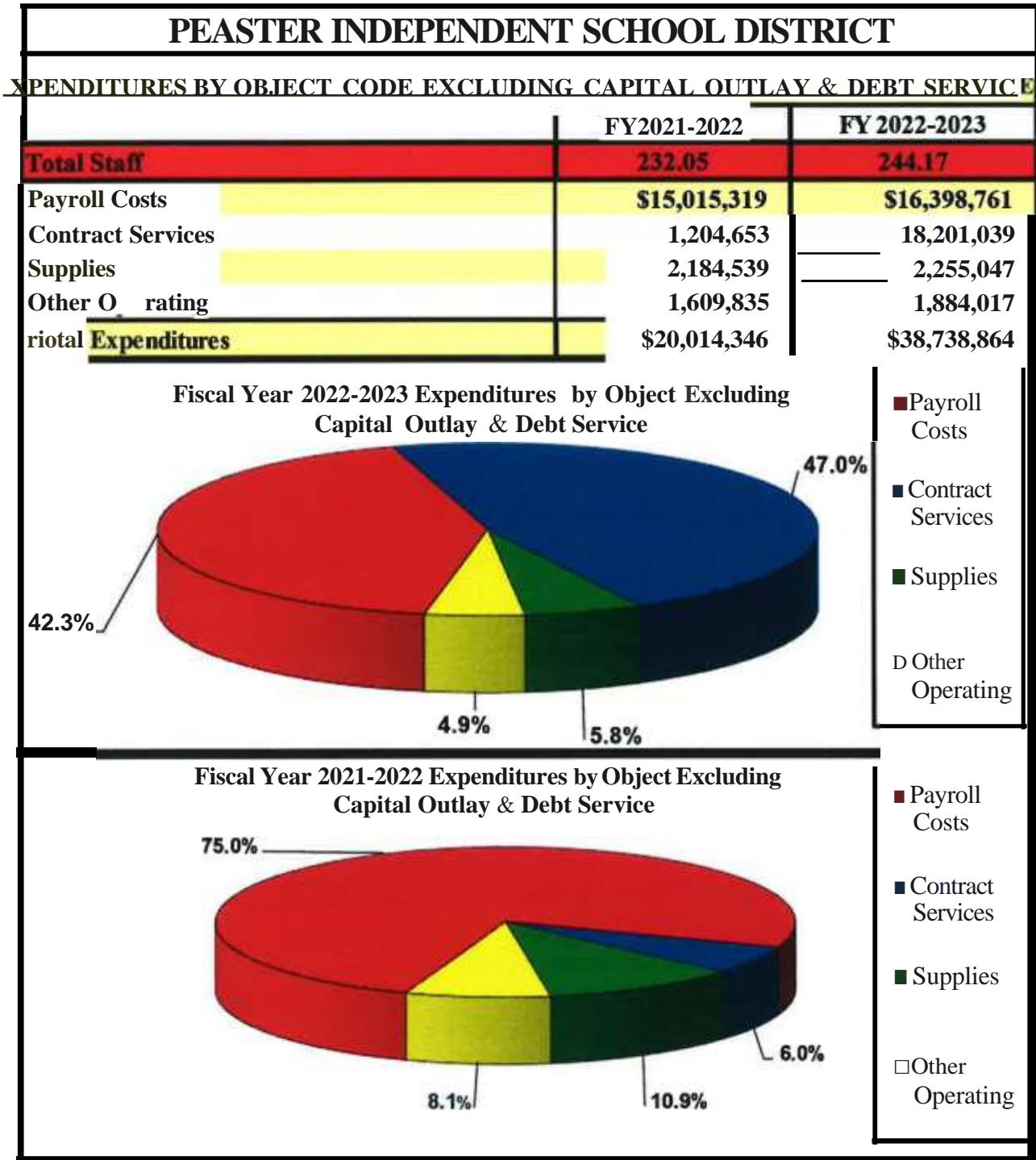


■ FY 2020-2021

■ FY 2021-2022

■ FY 2022-2023

The following graph indicates the District's operating expenditures by object for the last two years.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Peaster Independent School District, 3602 Harwell Lake Road, Weatherford, Texas 76088: (817) 341-5000.

BASIC FINANCIAL STATEMENTS

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,727,924
1120 Current Investments	10,459,857
1220 Property Taxes - Delinquent	289,169
1230 Allowance for Uncollectible Taxes	(72,293)
1240 Due from Other Governments	4,974,030
1290 Other Receivables, Net	145,045
Capital Assets:	
1510 Land	1,021,906
1520 Buildings, Net	20,811,968
1530 Furniture and Equipment, Net	1,914,990
1550 Right-to-Use Leased Assets, Net	260,041
1553 SBITA Assets, Net	5,616
1560 Library Books and Media, Net	3,718
1580 Construction in Progress	20,712,995
1000 Total Assets	<u>63,254,966</u>
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	248,765
1705 Deferred Outflow Related to TRS Pension	2,831,476
1706 Deferred Outflow Related to TRS OPEB	2,323,675
1700 Total Deferred Outflows of Resources	<u>5,403,916</u>
LIABILITIES	
2110 Accounts Payable	546,397
2160 Accrued Wages Payable	1,420,431
2180 Due to Other Governments	24,899
2200 Accrued Expenses	110,598
2300 Unearned Revenue	727,221
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	2,185,287
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	47,872,079
2540 Net Pension Liability (District's Share)	5,271,059
2545 Net OPEB Liability (District's Share)	3,312,201
2000 Total Liabilities	<u>61,470,172</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	469,987
2606 Deferred Inflow Related to TRS OPEB	5,060,481
2600 Total Deferred Inflows of Resources	<u>5,530,468</u>
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	3,202,683
3820 Restricted for Federal and State Programs	1,061,628
3850 Restricted for Debt Service	3,639,492
3870 Restricted for Campus Activities	209,546
3900 Unrestricted	(6,455,107)
3000 Total Net Position	<u>\$ 1,658,242</u>

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBITB-1

FOR THE YEAR ENDED JUNE 30, 2023						Net (Expense) Revenue and Changes in Net Position
Data Control Codes						
	Program Revenues					
	3		4		6	
				Operating	Primary Gov.	
	Expenses	Charges for Services	Grants and Contributions		Governmental Activities	
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
II	Instruction	\$ 12,322,628	\$ 1,903,008	\$ 1,565,332	\$ (8,854,288)	
12	Instructional Resources and Media Services	172,243		3,226	(169,017)	
13	Curriculum and Instructional Staff Development	19,983			(19,983)	
21	Instructional Leadership	580,338		10,764	(569,574)	
23	School Leadership	831,252		16,293	(814,959)	
31	Guidance, Counseling, and Evaluation Services	1,357,156		847,955	(509,201)	
33	Health Services	201,457		42,737	(158,720)	
34	Student (Pupil) Transportation	692,628		29,166	(663,462)	
35	Food Services	790,857	411,204	450,511	70,858	
36	Extracurricular Activities	1,765,601	178,233	14,585	(1,572,783)	
41	General Administration	1,293,106		30,725	(1,262,381)	
51	Facilities Maintenance and Operations	1,909,765		27,652	(1,882,113)	
52	Security and Monitoring Services	113,849		10,167	(103,682)	
53	Data Processing Services	356,223		2,783	(353,440)	
72	Debt Service - Interest on Long-Term Debt	1,425,927			(1,425,927)	
73	Debt Service - Bond Issuance Cost and Fees	121,982			(121,982)	
93	Payments Related to Shared Services Arrangements	252,313			(252,313)	
99	Other Intergovernmental Charges	106,343			(106,343)	
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 24,313,651	\$ 2,492,445	\$ 3,051,896	(18,769,310)	
Data Control Codes	General Revenues:					
	Taxes:					
MT	Property Taxes, Levied for General Purposes				5,573,904	
OT	Property Taxes, Levied for Debt Service				3,255,167	
SF	State Aid - Formula Grants				9,339,134	
IE	Investment Earnings				661,210	
MI	Miscellaneous Local and Intermediate Revenue				<u>851,565</u>	
TR	Total General Revenues				<u>19,680,980</u>	
CN	Change in Net Position				911,670	
NB	Net Position - Beginning				770,175	
PA	Prior Period Adjustment				(23,603)	
NE	Net Position - Ending				<u>\$ 1,658,242</u>	

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	SSA Locally Funded	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ (5,457)	\$ 991,266	\$ 34,590
1120 Investments - Current	1,139,988		3,555,179
1220 Property Taxes - Delinquent	189,673		99,496
1230 Allowance for Uncollectible Taxes	(47,419)		(24,874)
1240 Due from Other Governments	3,817,220	26,000	
1260 Due from Other Funds	1,262,216		
1290 Other Receivables			
1000 Total Assets	<u>\$ 6,356,221</u>	<u>\$ 1,017,266</u>	<u>\$ 3,664,391</u>
LIABILITIES			
2110 Accounts Payable	\$ 48,847	\$ 133,482	\$
2160 Accrued Wages Payable	1,093,743	44,675	
2170 Due to Other Funds	188,768	108,366	
2180 Due to Other Governments			24,899
2200 Accrued Expenditures	75,706	3,522	
2300 Unearned Revenue		727,221	
2000 Total Liabilities	<u>1,407,064</u>	<u>1,017,266</u>	<u>24,899</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	142,254		74,622
2600 Total Deferred Inflows of Resources	<u>142,254</u>		<u>74,622</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction			
3470 Capital Acquisition and Contractual Obligation			
3480 Retirement of Long-Term Debt			3,564,870
3490 Other Restricted Fund Balance			
3600 Unassigned Fund Balance	4,806,903		
3000 Total Fund Balances	<u>4,806,903</u>		<u>3,564,870</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,356,221</u>	<u>\$ 1,017,266</u>	<u>\$ 3,664,391</u>

The notes to the financial statements are an integral part of this statement.

60 Capital Projects	60 Capital Projects	Other Funds	Total Governmental Funds
\$ (264,835)	\$ 836,077	\$ 1,136,283	\$ 2,727,924
3,642,678	1,566,201	555,811	10,459,857
			289,169
			(72,293)
		1,130,810	4,974,030
	187,871	13,253	1,463,340
		145,045	145,045
\$ 3,377,843	\$ 2,590,149	\$ 2,981,202	\$ 19,987,072
\$ 133,629	\$ -	\$ 230,439	\$ 546,397
		282,013	1,420,431
		1,167,103	1,464,237
			24,899
		30,473	109,701
			727,221
133,629		1,710,028	4,292,886
			216,876
			216,876
3,244,214	2,590,149	1,061,628	1,061,628
			5,834,363
			3,564,870
		209,546	209,546
			4,806,903
3,244,214	2,590,149	1,271,174	15,477,310
\$ 3,377,843	\$ 2,590,149	\$ 2,981,202	\$ 19,987,072

PEASTER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBITC-2

Total Fund Balances - Governmental Funds	\$ 15,477,310
1 The District does use internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds would be included in governmental activities in the statement of net position if applicable. The net effect of this consolidation does not increase or decrease net position.	
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$50,941,229 and the accumulated depreciation was \$22,735,879. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	(19,521,133)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to decrease net position.	19,918,892
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount \$2,831,476, a deferred resource inflow in the amount of \$469,987, and a net pension liability in the amount of \$5,271,059. This resulted in a decrease in net position.	(2,909,570)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to OPEB included a deferred resource outflow in the amount of \$2,323,675, a deferred resource inflow in the amount of \$5,060,481, and a net OPEB liability in the amount of \$3,312,201. This resulted in a decrease in net position.	(6,049,007)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,797,967)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	(3,460,283)
19 Net Position of Governmental Activities	\$ 1,658,242

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	10 General Fund	SSA Locally Funded	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,256,591	\$ 842,095	\$ 3,343,004
5800 State Program Revenues	10,132,314	34,551	152,574
5900 Federal Program Revenues	59,543		
5020 Total Revenues	16,448,448	876,646	3,495,578
EXPENDITURES:			
Current:			
0011 Instruction	8,864,332	712,904	
0012 Instructional Resources and Media Services	182,680		
0013 Curriculum and Instructional Staff Development	9,792	8,816	
0021 Instructional Leadership	149,792	134,926	
0023 School Leadership	863,763		
0031 Guidance, Counseling, and Evaluation Services	470,821		
0033 Health Services	169,130		
0034 Student (Pupil) Transportation	511,687		
0035 Food Services			
0036 Extracurricular Activities	1,055,183		
0041 General Administration	1,343,511		
0051 Facilities Maintenance and Operations	1,737,082		
0052 Security and Monitoring Services	99,808		
0053 Data Processing Services	300,911		
Debt Service:			
0071 Principal on Long-Term Liabilities	68,401		1,369,999
0072 Interest on Long-Term Liabilities	17,704		1,451,551
0073 Bond Issuance Cost and Fees			4,000
Capital Outlay:			
0081 Facilities Acquisition and Construction	113,534		
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	207,313	20,000	
0099 Other Intergovernmental Charges	106,343		
6030 Total Expenditures	16,271,787	876,646	2,825,550
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	176,661		670,028
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued			
7913 Proceeds of Right-to-Use Lease	11,434		
7916 Premium or Discount on Issuance of Bonds			
7949 Proceeds of SBITAs and Other Resources	7,020		
7080 Total Other Financing Sources (Uses)	18,454		
1200 Net Change in Fund Balances	195,115		670,028
0100 Fund Balance - July 1 (Beginning)	4,611,788		2,894,842
3000 Fund Balance - June 30 (Ending)	\$ 4,806,903	\$	\$ 3,564,870

The notes to the financial statements are an integral part of this statement.

60 Capital Projects	60 Capital Projects	Other Funds	Total Governmental Funds
\$ 344,079	\$ 75,054	\$ 2,012,033	\$ 12,872,856
		416,259	10,735,698
		2,249,364	2,308,907
344,079	75,054	4,677,656	25,917,461
		1,926,418	11,503,654
			182,680
		1,375	19,983
		313,874	598,592
			863,763
		893,967	1,364,788
		39,119	208,249
	973,584	21,905	1,507,176
		806,953	806,953
		564,069	1,619,252
		4,950	1,348,461
		46,562	1,783,644
		10,790	110,598
			300,911
155,172		1,469	1,595,041
5,539		959	1,475,753
	117,982		121,982
17,147,307	11,321		17,272,162
		25,000	252,313
			106,343
17,308,018	1,102,887	4,657,410	43,042,298
(16,963,939)	(1,027,833)	20,246	(17,124,837)
	3,470,000		3,470,000
66,946			78,380
	147,982		147,982
			7,020
66,946	3,617,982		3,703,382
(16,896,993)	2,590,149	20,246	(13,421,455)
20,141,207		1,250,928	28,898,765
\$ 3,244,214	\$ 2,590,149	\$ 1,271,174	\$ 15,477,310

PEASTER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (13,421,455)
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The District does use internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds is reported with governmental activities. The net effect of this consolidation did not increase or decrease net position.

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease net position.	19,918,892
--	------------

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,797,967)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(3,692,121)
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GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$401,275. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$348,351. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$483,784. The net result is a decrease in the change in net position.	(430,860)
--	-----------

GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$103,017. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$95,252. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$327,416. The net result is an increase in the change in net position.	335,181
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Change in Net Position of Governmental Activities	\$ 911,670
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The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Due from Other Funds	\$ 897
Total Assets	897
LIABILITIES	
Current Liabilities:	
Accrued Expenses	897
Total Liabilities	897
NET POSITION	
Restricted for Other Purposes	
Total Net Position	\$

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 1,880
Total Operating Revenues	1,880
OPERATING EXPENSES:	
Payroll Costs	1,880
Total Operating Expenses	1,880
Operating Income	
Total Net Position - July 1 (Beginning)	
Total Net Position - June 30 (Ending)	\$

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
Net Increase in Cash and Cash Equivalents	
Cash and Cash Equivalents at Beginning of Year	
Cash and Cash Equivalents at End of Year	\$
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	1,880
Increase (decrease) in Accrued Expenses	(1,880)
Net Cash Provided by Operating Activities	\$
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private Purpose Trust Funds	Custodial Fund	Fiduciary Component UnitPEF
ASSETS			
Cash and Cash Equivalents	\$ 604,378	\$ 33,269	\$
Due from Other Governments			7,436
Other Receivables			6,736
Restricted Assets			519,153
Total Assets	<u>604,378</u>	<u>33,269</u>	<u>533,325</u>
LIABILITIES			
Accounts Payable	4,500		
Due to Other Governments			176,713
Total Liabilities	<u>4,500</u>		<u>176,713</u>
NET POSITION			
Restricted for Campus Activities		33,269	
Restricted for Scholarships	599,878		
Restricted for Other Purposes			356,612
Total Net Position	<u>\$ 599,878</u>	<u>\$ 33,269</u>	<u>\$ 356,612</u>

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Funds	Custodial Fund	Fiduciary Component UnitPEF
ADDITIONS:			
Enterprising Services Revenue	\$	\$	\$ 446,171
Cocurricular Services or Activities		49,309	
Earnings from Temporary Deposits	4,533		370
Contributions, Gifts and Donations	51,500		
Total Additions	56,033	49,309	446,541
DEDUCTIONS:			
Other Deductions	63,911	51,756	363,331
Total Deductions	63,911	51,756	363,331
Change in Fiduciary Net Position	(7,878)	(2,447)	83,210
Total Net Position - July 1 (Beginning)	607,756	35,716	273,402
Total Net Position - June 30 (Ending)	\$ 599,878	\$ 33,269	\$ 356,612

The notes to the financial statements are an integral part of this statement.

PEASTER INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Peaster Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity as amended by GASB Statement 61. The only component unit included within the reporting entity is the Peaster Educational Foundation which is included as a fiduciary component unit.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the **Peaster Independent School District** non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as Inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and report their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

General Fund - The general fund is the District's primary operating fund. This fund accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The District did maintain a major special revenue governmental fund during the current year which was the SSA Brazos River Coop Fund.

Debt Service Fund - The District did maintain major debt service governmental funds during the current year.

Capital Projects Fund - The District did maintain a major capital projects governmental fund during the current year.

The District does not report any major enterprise funds.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds- The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Debt Service Funds - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Funds - Proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund when applicable.

Proprietary Funds:

Internal Service Funds - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis (such as workers' compensation) are accounted for in an internal service fund. The District did maintain internal service funds during the current year.

Fiduciary Funds:

Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District did maintain private purpose trust funds to provide scholarships for students that have graduated from the District during the current year.

Custodial Funds - The District accounts for resources held for others in a custodial capacity in custodial funds including funds used to account for student activities.

There is a balance due to the internal service funds from the general fund. This balance resulted from obligations made to maintain capital for the operation of each internal service fund for such activities as self-insurance; the balance is not scheduled to be collected in the subsequent year.

All remaining balances, if any, resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies using the first-in, first-out inventory cost method, if material. The supplies include consumable maintenance, instructional, office, athletic, and transportation items. Under the purchase method, supplies are recorded as expenditures when they are purchased. Inventories of food commodities are recorded at market values supplied by the Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Department of Agriculture and recorded as revenue and expenditures when received. Material inventories (if any) including food commodities are recorded as an asset and a corresponding amount of expenditures are reduced at year-end. There were no material inventories as of June 30.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	50
Buildings and Improvements	40
Infrastructure	40
Vehicles	10
Office Equipment	10
Computer Equipment	10
Right-to-Use Lease Assets	Term of Lease
SBITA Long-Term Assets	Term of Obligation

6. Since Internal Service Funds in the District support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Restricted assets, if applicable, of the District are limited to cash and certificates of deposit which have been gifted to the District with the stipulation that only the earnings are available for current and future scholarship recipients.
8. The Districts that participate in self-funded workers' compensation programs execute inter-local agreements that define the responsibilities of the parties. The program, if applicable, provides statutory workers' compensation benefits to its members and their injured employees.

9. Net Position and Fund Balances:

Government-wide and Proprietary Fund Net Position-

Government-wide and proprietary fund net positions are divided into three components:

- Net investment in capital assets-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position-consist of assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted-all other net position is reported in this category.

Governmental Fund Balances:

In the governmental fund financial statements, fund balances are classified as follows-

- Non-spendable-Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted-Amounts that can be spent only for specific purposes because of the District's state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed-Amounts that can be used only for specific purposes determined by a formal action by Board of Trustees' ordinance.
- Assigned-Amounts that are designated by the Superintendent for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Trustees.
- Unassigned-All amounts not included in other spendable classifications.

10. Use of Restricted Resources:

When an expenditure/expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expenditure/expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

11. The District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Market Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

12. Investment income reported in one fund has not been assigned directly to another fund by the District.

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

14. Deferred Outflows of Resources:

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The deferred outflow of resources reported in this year's government-wide financial statements arise from inclusion of the GASB 68 Liability for the unfunded portion of the TRS Retirement and GASB 75 Liability. No deferred outflows of resources affect the governmental funds financial statements in the current year.

15. Deferred Inflows of Resources:

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has only three types of items which occur because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes, private grants, and prepaid meals are reported in the governmental funds balance sheet. The District only reported deferred inflows of resources in its government-wide or proprietary fund financial statements for the current year for the inclusion of the GASS 68 Liability for the unfunded portion of the TRS Retirement, GASB 75 liabilities and prepaid meals.

16. Pensions:

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

17. Other Post-Employment Benefits:

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the new OPES liability, deferred outflows of resources and deferred inflows or resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

II. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

A. **EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historical Cost	Accumulated Depreciation	Net Value at Beginning of Year	Change in Net Position
Land	\$ 1,010,585	\$ -	\$ 1,010,585	
Buildings and Improvements	39,003,067	(19,030,582)	19,972,485	
Furniture and Equipment	4,753,364	(3,513,819)	1,239,545	
Financed Purchase Obligations				
Construction in Progress	5,700,950		5,700,950	
Long-Term Right to Use Lease Assets	473,263	(191,478)	281,785	
Long-Term SBITA Assets				
Change in Net Position				\$ 28,205,350
Long-term Liabilities and Deferred Outflows and Inflows at the Beginning of the Year			Payable at Beginning of Year	
Bonds Payable			\$ 42,997,306	
Accreted Interest on Bonds			354,834	
Add Unamortized Bond Premium/ Discount			3,733,342	
Notes and Financed Purchase Obligations Payable			280,101	
Long-Term RTU Leases & SBITA's Payable			246,096	
Accrued Interest - Bonds, Notes, and Financed Purch. Oblig.			377,358	
Deferred Charge for Bond Refunding			(262,554)	
Change in Net Position				47,726,483
Net Adjustment to Net Position				\$ (19,521,133)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position shown in Exhibit C-2 and Exhibit C-4. The details of this adjustment are as follows:

	Amount	Adjustments To Changes in Net Position	Adjustments to Net Position
Current Year Capital Outlay			
Land	\$ 11,321		
Buildings & Improvements	2,192,891		
Furniture & Equipment & Books & Media	1,022,194		
Construction in Progress	15,012,045		
Long-Term Right to Use Lease Assets	78,380		
Long-Term SBITA Assets	<u>7,020</u>		
Total Capital Outlay	<u>18,323,851</u>	18,323,851	18,323,851
Debt Principal Payments			
Bond Principal	1,370,000		
Note Principal Payments	19,000		
Financed Purchase Obligation Payments			
Long-Term Right to Use Lease Payments	204,715		
Long-Term SBITA Liabilities	<u>1,326</u>		
Total Principal Payments	<u>1,595,041</u>	1,595,041	1,595,041
Total Adjustment to Net Position		\$ 19,918,892	\$ 19,918,892

Another element of the reconciliation on Exhibits C-2 and C-4 are described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details of this adjustment are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
Adjustments to Revenue, Deferred Inflows, Beg. Net Position:			
Beg. of Year Unearned Tax Revenue/Internal Service	\$ 255,441		\$ 255,441
Property tax adjustments to convert from the modified accrual basis to the full accrual basis of accounting	(38,565)	(38,565)	(38,565)
Other Revenue/Expense Adjustments			
Reclassify Proceeds of Bonds, Loans & Financed Purch. Oblig.:			
New Bond Issue Proceeds	\$ (3,470,000)	(3,470,000)	(3,470,000)
Discount (Premium) or Deferred Charge on Issuance of Bonds	(147,982)	(147,982)	(147,982)
New Loans Proceeds			
New Right to Use Lease/ SBITA Proceeds	(85,400)	(85,400)	(85,400)
Reclassify Certain Expenditures to Full Accrual From Modified Accrual:			
Deferred Charge on Refunding Bonds Amortization	\$ (13,789)	(13,789)	(13,789)
Adjust Interest and Fees on Long-term Debt	(41,248)	(41,248)	(41,248)
Amortization of Bond Premium	199,472	199,472	199,472
Accretion of Interest on Bonds	(94,609)	(94,609)	(94,609)
Prior Period Adjustment Long-Term RTU Leases	(23,603)		(23,603L)
Totals		\$ (3,692,121)	\$ (3,460,283)

iii. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in the J Exhibits as reported in the required TEA Exhibits.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. **These amendments included additional appropriation for various functions as detailed in Exhibit G-1.**

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as adopted and amended by the Board of Trustees. All budget appropriations lapse at year-end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	June 30, 2023
	Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 307,135
Appropriated Budget Funds - Parker Co. SSA Special Revenue Fund	754,493
Non-appropriated Budget Funds	<u>209,546</u>
All Special Revenue Funds	\$ 1,271,174

B. BUDGETARY STEWARDSHIP, COMPLIANCE and ACCOUNTABILITY

The District has disclosed budgetary stewardship, compliance, and accountability in Section C of the Notes to Required Supplementary Information.

C. DEFICIT FUND EQUITY

The District **did not incur a deficit fund balance** in any fund during the current school year.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The carrying amount of the District's cash and temporary investments at the end of the fiscal year follows:

CASH AND CASH EQUIVALENTS BY ACCOUNT TYPE	6/30/2023
Cash Deposits in Bank	\$ 3,365,516
Certificates of Deposit Maturity to 3 months	
Cash on Hand	55
<u>Restricted Cash Deposits in Bank</u>	<u>519,153</u>
Total Cash and Cash Equivalents by Account Type	\$ 3,884,724
CASH AND CASH EQUIVALENTS BY FUND	6/30/2023
Cash and Cash Equivalents:	
General Fund	\$ (5,457)
Major Governmental Funds	1,597,098
Non-Major Governmental Funds	1,136,283
Enterprise Funds	
Internal Service Funds	
Custodial Funds	33,269
Trust Funds	604,378
Other Funds	519,153
Total Cash and Cash Equivalents by Fund	\$ 3,884,724

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District's cash deposits subject to custodial credit risk at the date of the highest cash balance and at year end were:

CUSTODIAL CREDIT RISK	HIGHEST CASH BALANCE	6/30/2023
Name of Depository Bank: First Financial Bank and Simmons Bank Weatherford TX		
Total amount of FDIC Insurance (FDIC)	\$ 1,055,576	\$ 529,588
Amount of Bond or Securities Pledged	<u>17,424,640</u>	<u>16,485,550</u>
Total FDIC, Bond or Securities Pledged	\$ 18,480,216	\$ 17,015,138
Cash Deposits and Cash Investments in Bank	\$ 11,543,911	\$ 5,074,872
Excess or (Shortage) FDIC and Bond or Pledged Securities Pledged	\$ 6,936,305	\$ 11,940,266
The District's cash deposits were entirely covered by FDIC Insurance or by bond or pledged collateral by the Depository Bank	YES	YES

Foreign Currency Risk: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting all deposits denominated in a foreign currency.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in commercial paper, corporate bonds, and mutual bond funds to the top 2 or 3 ratings issued by nationally recognized statistical rating organizations (NRSROs). As of the current fiscal year, the district's investments were rated by Standard & Poor's, Fitch Ratings, etc.

Custodial Credit Risk for Investments: To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer to 20% when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments: The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding all investments denominated in a foreign currency.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. Texpool is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission.

The *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. Lone Star and TexStar's strategy are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Lone Star and TexStar have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. LoneStar and TexStar are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

As of the end of the current fiscal year, the District had the following investments:

Investments	June 30, 2023 Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investment	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost -							
Investment pools:							
Texpool	\$ 2,195	\$ -	\$ •	\$	0.02%	26	AAAm*
Investments measured at net asset value (NAV)-							
Investment pools:							
LoneStar	9,904,047				94.69%	35	AAAm•
TexStar					0.00%		AAAm•
Investments measured by fair value level -							
U.S. Government Agency Securities:							
Federal Home Loan Bank					0.00%		AA+toAaa
Fannie Mae					0.00%		AAAm*
U.S. Treasury Bonds					0.00%		AAAm*
Money Market Mutual Funds					0.00%		Not rated
Certificates of Deposit	553,615		553,615		5.29%	143	BBB+toAA-
Commercial Paper					0.00%	-	BBB+toAA-
Restricted Investments-					0.00%	-	BBB+toAA-
Scholarship Funds-Certificates of Deposit					0.00%		BBB+toAA-
Education Foundation-Certificates of Deposit					0.00%		BBB+toAA-
Total Investments	\$ 10,459,857	\$	\$ 553,615	\$	100.00%		

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at year end consisted of the following amounts:

FUND	Due From Other Funds	Due To Other Funds
General Fund		
Major Governmental Funds	\$	\$ 187,871
Non-major Governmental Funds	1,262,216	
Internal Service Funds		897
All Others		
Total General Fund	<u>\$ 1,262,216</u>	<u>\$ 188,768</u>
Major Governmental Funds		
General Fund	\$	\$
Major Governmental Funds	187,871	
Non-major Governmental Funds	13,253	108,366
Internal Service Funds		
All Others		
Total Major Governmental Funds	<u>\$ 201,124</u>	<u>\$ 108,366</u>
Non-major Governmental Funds		
General Fund	\$	\$ 1,167,103
Non-major Governmental Funds		
Total Non-major Governmental Funds	<u>\$</u>	<u>\$ 1,167,103</u>
Internal Service Funds		
General Fund	\$ 897	\$
Major Governmental Fund		
Non-major Governmental Funds		
Total Internal Service Funds	<u>\$ 897</u>	<u>\$</u>
Total Interfund Receivables/ Payables	<u>\$ 1,464,237</u>	<u>\$ 1,464,237</u>

The balance of \$108,366 from non-major governmental funds to the general fund resulted from working capital amounts that will be transferred to the general fund the following year. The balance of \$1,167,103 is a short-term loan from the general fund to cover cash balance shortages. The balance of \$187,871 is a short-term loan from the major governmental funds to cover a cash balance shortage in the general fund. The balance of \$897 is a working capital loan to the insurance internal service fund.

Inter-fund transfers for the current year end consisted of the following individual amounts:

FUND	Transfers In	Transfers Out
General Fund		
Major Governmental Funds	\$	\$
Non-major Governmental Funds		
Other Funds	\$	\$
Total General Fund	\$	\$
Major Governmental Funds		
General Fund	\$	\$
Non-major Governmental Funds		
Total Major Governmental Funds	\$	\$
Non-major Governmental Funds		
General Fund	\$	\$
Other Major Governmental Funds		
All Others		
Total Non-major Governmental Funds	\$	\$
Total Interfund Transfers	\$	\$

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to cover operating deficits in funds such as the Food Service Funds. The District did not make an operating transfer during the current year.

During the current year, the District did not make a one-time transfer of funds from the general fund to the debt service fund to subsidize, in part, the District's obligation of interest and sinking fund requirements.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at year end were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 189,673	\$ 3,817,220	\$ 1,262,216	\$ -	\$ 5,269,109
Major Governmental Funds	99,496	26,000	187,871		313,367
Non-major Governmental Funds		1,130,810	13,253	145,045	1,289,108
Internal Service Funds			897		897
Total Governmental Activities	\$ 289,169	\$ 4,974,030	\$ 1,464,237	\$ 145,045	\$ 6,872,481
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

Payables at year end were as follows:

	Accounts Payable	Salaries Payable	Accrued Expenditures/Expense Payable	Due To Other Funds	Due To Other Govt.	Other	Total Payables
Governmental Activities:							
General Fund	\$ 48,847	\$ 1,093,743	\$ 75,706	\$ 188,768	\$ -	\$ -	\$1,407,064
Major Governmental Funds	267,111	44,675	3,522	108,366	24,899		448,573
Non-major Governmental Funds	230,439	282,013	30,473	1,167,103			1,710,028
Internal Service Funds			897				897
Total Governmental Type Activities	\$546,397	\$ 1,420,431	\$ 110,598	\$1,464,237	\$ 24,899	\$ -	\$3,566,562
Amounts not scheduled for payment during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the current year was as follows:

Primary Government				
	Beginning Balance	Additions	Retirements/Reclassifications, Prior Period Adjustments	Ending Balance
Governmental Activities:				
Non-Depreciable Assets-				
Land	\$ 1,010,585	\$ 11,321	\$ -	\$ 1,021,906
Depreciable Assets-				
Buildings and Improvements	39,003,067	2,192,891		41,195,958
Furniture and Equipment	4,753,364	1,018,211		5,771,575
Long-Term Right to Use Lease Assets	473,263	78,380		551,643
Long-Term SBITA Assets		7,020		7,020
Library Books and Media		3,983		3,983
Construction In Progress	5,700,950	16,386,901	(1,374,856)	20,712,995
Totals at Historic Cost	\$ 50,941,229	\$19,698,707	\$ (1,374,856)	\$ 69,265,080
Less Accumulated Depreciation & Amortization for:				
Buildings and Improvements	\$ 19,030,582	\$ 1,353,408	\$	20,383,990
Furniture and Equipment	3,513,819	342,766		3,856,585
Long-Term Right to Use Lease Assets	191,478	100,124		291,602
Long-Term SBITA Assets		1,404		1,404
Library Books and Media		265		265
Total Accumulated Depreciation and Amortization	\$ 22,735,879	\$ 1,797,967	\$ -	\$ 24,533,846
Governmental Activities Capital Assets-Net	\$ 28,205,350	\$17,900,740	\$ -	\$ 44,731,234

Depreciation & Amortization expense was charged to governmental functions as follows:

Instruction	\$ 1,175,251
Instructional Resources and Media Services	265
School Leadership	
Student (Pupil) Transportation	159,858
Food Services	10,308
Cocurricular/Extracurricular Activities	181,700
General Administration	5,136
Plant Maintenance and Operations	192,094
Security and Monitoring Service	12,555
Data Processins Services	60,800
Total Depreciation Expense	\$ 1,797,967

The District has no capital assets that are not being depreciated as of the current fiscal year end except for land and construction in progress.

LONG-TERM LEASE ASSETS**Intangible Right-to-Use Assets**

In the prior fiscal year 2022, the District implemented the guidance in **GASBS No. 87, Leases**, and recognized the value of copiers, postage machines, and software leased under long-term contracts and portable buildings leased for a campus facility.

As of June 30, 2023, the District had several lease agreements in place for copiers, postage machines, software, and portable buildings. In the current year, the District entered into new lease agreements to replace the copiers leased under previous leases with new leased equipment. The terms of the new lease agreements require amortization and payments over 5 years.

As of June 30, 2023, the District had leased portable buildings for District use. The District leased portable buildings from Mobile Modular Management, to use as temporary classrooms until current construction of facilities can be completed. There was a building lease renewed during the current year. The District does not plan to renew this lease in the future and will likely complete the construction of the new facility building to replace this leased property in the next two years. The intangible right-to-use asset is being amortized over 3 years, the term of the current building lease. Terms of this lease are described in Note H.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA'S)

During the current year ended June 30, 2023, the District implemented GASB 96 which required the capitalization of Subscription Based Information Technology Arrangements (SBITA) with a subscription term longer than one year. The District is currently obligated for a software agreement with time frames longer than one year. The imputed interest rate used was 4.0%. The terms of the agreements require amortization of the agreements over a 5 year period.

G. SHORT-TERM DEBT PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. Short-term debts include notes made in accordance with the provisions of the Texas Education Code Section 45.108. The proceeds from loans are shown in the governmental fund financial statements as Other Resources and principal payments are shown as Other Uses. The District currently has no short-term debt payable.

H. LONG-TERM LIABILITY OBLIGATIONS

The following is a summary of the District's long-tenn debt for the year ended June 30, 2023:						
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	
Governmental Activities						
Long-Term Debt Payable:						
General Obligation Bonds	\$ 42,997,306	\$ 3,470,000	\$ 1,370,000	\$ 45,097,306	\$ 1,665,000	
Maintenance Tax Notes	280,101	-	19,000	261,101	19,000	
Financed Purchase Obligations	-	-	-	-	-	
Long-Term Right to Use Leases	269,699	78,380	204,715	143,364	81,173	
Long-Term SBITA Liabilities	-	7,020	1,326	5,694	1,508	
Total Long-Term Debt Payable	\$ 43,547,106	\$ 3,555,400	\$ 1,595,041	\$ 45,507,465	\$ 1,766,681	
Other Liabilities:						
Accretion Interest	\$ 354,834	\$ 94,609	\$ -	449,443	\$ -	
Premium on Bond Issuance	3,733,342	147,982	199,472	3,681,852	-	
Accrued Interest Payable	377,358	418,606	377,358	418,606	418.606	
Total Other Liabilities	\$ 4,465,534	\$ 661.197	\$ 576,830	\$ 4,549.901	\$ 418.606	
Total Governmental Activities						
All Long-Tenn Debt Payable	\$ 48,012,640	\$ 4,216.597	\$ 2,171,871	\$ 50,057.366	\$ 2,185.287	

Governmental Activities Long-Term Debt By Issue:							
Description	Interest Rate	Original Issue	Interest Current Year	Beginning Balance 7/1/2022	Additions	Reductions	Ending Balance 6/30/2023
General Obligation Bonds:							
U/L TAXSCHOOLBUIIDINGBONDS2021 SERIES	3.00-5.00%	\$24,300,000	\$ 771,525	\$ 24,300,000	\$ -	\$ 215,000	\$ 24,085,000
UIL TAX SCHOOL BUILDING BONDS 2014B SERIES	2.00-4.00%	\$ 5,745,000	20,025	785,000	-	235,000	550,000
V/L TAX REFUNDING BONDS 2015 SERIES	0.05-4.00%	\$ 3,555,000	110,025	2,945,000	-	175,000	2,770,000
V/L TAX REFUNDING BONDS 2018 SERIES	2.00-5.00%	\$ 6,900,000	264,450	5,740,000	-	295,000	5,445,000
UIL TAX SCHOOL BUIIDING BONDS 2018A SERIES	2.00-5.00%	\$ 3,699,429	35,000	2,399,429	-	450,000	1,949,429
U/L TAXSCHOOLBUIIDINGBONDS 2018B SERIES	3.34-4.00%	\$ 2,177,877	46,800	2,177,877	-	-	2,177,877
V/L TAX REFUNDING BONDS 2020 SERIES	1.57-5.00%	\$ 4,710,000	143,348	4,650,000	-	-	4,650,000
UIL TAX SCHOOL BUIIDING BONDS 2022 SERIES	4.00-5.00%	\$ 3,470,000	60,378	-	3,470,000	-	3,470,000
Total General Obligation Bonds			\$ 1,451,551	\$ 42,997,306	\$ 3,470,000	\$ 1,370,000	\$ 45,097,306
Maintenance Tax Notes:							
2020 SERIES MAINTENANCE TAX NOTES	3.00-4.00%	\$ 318,000	\$ 8,121	\$ 280,101	\$ -	\$ 19,000	\$ 261,101
N/A	0.00%	\$ -	-	-	-	-	-
Total Maintenance Tax Notes			\$ 8,121	\$ 280,101	\$ -	\$ 19,000	\$ 261,101
Financed Purchase Obligations:							
N/A	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	0.00%	\$ -	-	-	-	-	-
Total Financed Purchase Obligations			\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Right to Use Leases:							
XEROX COPYMACHINELEASES	7.4-12.4%	\$ 165,283	\$ 7,996	\$ 55,508	\$ 11,435	\$ 22,668	\$ 44,275
KONICA COPY MACHINE LEASES PCCSS	10.00%	\$ 13,841	959	11,013	-	1,469	9,544
K ST ATE BANK PHONE	4.00%	42,711	855	38,163	-	11,538	26,625
MOBILEMODULARPORTABLEBUIIDINGLEASES	4.00%	349,026	6,005	165,015	66,945	169,040	62,920
Total Long-Term Right to Use Leases			\$ 15,815	\$ 269,699	\$ 78,380	\$ 204,715	\$ 143,364
Long-Term SBITA Liabilities							
YSOFF SOFW AREXEROX FINANCIAL SABITA'S	4.00%	\$ 7,020	\$ 266	\$ -	\$ 7,020	\$ 1,326	\$ 5,694
N/A	0.00%	\$ -	-	-	-	-	-
Total Long-Term SBITA Liabilities			\$ 266	\$ -	\$ 7,020	\$ 1,326	\$ 5,694
Total Governmental Activities Long-Term Debt Payable			\$ 1,475,753	\$ 43,547,106	\$ 3,555,400	\$ 1,595,041	\$ 45,507,465

The following table summarizes the District's governmental activities annual debt service requirements for long-term debt as of June 30, 2023:							
	General Obligation Bonds		Maintenance Tax Notes		Financed Purchase Obligations		
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 1,665,000	\$ 1,478,798	\$ 19,000	\$ 7,575	\$ -	\$ -	
2025	1,637,954	1,501,394	20,000	6,990	-	-	
2026	1,473,502	1,462,571	19,000	7,277	-	-	
2027	1,508,938	1,415,935	20,000	6,790	-	-	
2028	1,549,034	1,369,239	21,000	6,072	-	-	
2029-2033	8,732,465	5,661,244	112,000	20,158	-	-	
2034-2038	7,700,413	4,099,789	50,101	2,060	-	-	
2039-2043	6,395,000	2,755,450	-	-	-	-	
2044-2048	7,460,000	1,665,975	-	-	-	-	
2049-2053	6,975,000	452,950	-	-	-	-	
Totals	\$ 45,097,306	\$ 21,863,345	\$ 261,101	\$ 56,922	\$ -	\$ -	
	Long-Trm Right to Use Leases		Long-Trm SBITA Liab.		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 81,173	\$ 6,680	\$ 1,508	\$ 200	\$ 1,766,681	\$ 1,493,253	
2025	34,624	3,622	1,570	139	1,694,148	1,512,145	
2026	18,696	1,741	1,633	75	1,512,831	1,471,664	
2027	7,699	407	983	13	1,537,620	1,423,145	
2028	1,172	28	-	-	1,571,206	1,375,339	
2029-2033	-	-	-	-	8,844,465	5,681,402	
2034-2038	-	-	-	-	7,750,514	4,101,849	
2039-2043	-	-	-	-	6,395,000	2,755,450	
2044-2048	-	-	-	-	7,460,000	1,665,975	
2049-2053	-	-	-	-	6,975,000	452,950	
Totals	\$ 143,364	\$ 12,478	\$ 5,694	\$ 427	\$ 45,507,465	\$ 21,933,172	

The District did issue \$3,470,000 in Unlimited Tax School Building bonds during the current year to supplement the construction of a new educational facility. The District did issue \$24,300,000 in Unlimited Tax School Building bonds during the previous year for construction of a new educational facility.

The District did issue refunding bonds during previous years, but not during the current year. On October 8, 2020, the District issued general obligation bonds (Series 2020 Unlimited Tax Refunding Bonds) of \$4,710,000 (par value) with an interest rates ranging between 1.57% and 5.00%. The District issued the bonds to refund \$4,720,000 of the 2014 Series Tax School Building Bonds with interest rates ranging between 4.0% and 4.0%. The refunding bonds were issued at par, and after receiving a premium of \$525,414 and accrued interest of \$0, paying issuance costs of \$149,707, the net proceeds were \$5,085,708. The net proceeds were used to retire the 2014 School Building Bonds and accrued interest during the year ended June 30, 2021, except for \$995,000 that will be paid in future years. As a result of the refunding, the District decreased its total debt service requirement by \$672,393, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$599,286 during the 2021 year.

In prior years, the District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. After the 2018 retirement of defeased bonds, the District had \$0 in bonds considered defeased and still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. District administration has indicated that the District is in compliance with all significant limitations and restrictions at year end.

LONG-TERM LEASE OBLIGATIONS

Intangible Right-to-Use Lease Liabilities

In the prior fiscal year 2022, the District implemented the guidance of GASB Statement No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

Copier Leases

The District leases a variety of copier/printers from Xerox for a term of 60 months. The District entered into a new lease during 2022 which requires a minimum monthly lease payment of \$956, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2023 leases, the District used the interest rate (10%) on its financing agreements to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

Software and Phone Leases

The District leases phones from K State Bank for a term of 36 months. The phone lease requires a minimum monthly lease payments of \$1,033, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the 2022 lease, the District used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note F.

Building Leases

The District leases portable buildings from Mobile Modular Management for a term of 36 months. The terms of the prior year leases were required minimum monthly lease payments of \$1,181 and \$11,068. The District did lease buildings as of June 30, 2023. The District entered into new building leases which requires a minimum monthly lease payment of \$2,789, plus additional charges for a personal property fee. For purposes of discounting future payments on the 2023 building leases, the District used the interest rate (4%) on its financing agreements to determine an appropriate discount rate. The prior year building leases were discounted using an imputed rate of 4.00% to determine the discounted lease liability that matched the buyout payment. The leased buildings and accumulated amortization of the right-to-use assets are outlined in Note F.

SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

During the current year ended June 30, 2023, the District implemented GASB 96 which required the capitalization of Subscription Based Information Technology Arrangements (SBITA) with a subscription term longer than one year. The District is currently obligated for YSOFT software arrangements with time frames longer than one year. The imputed interest rate used is 4.0%. The terms of the arrangements require amortization of the agreements over a five year period.

I. COMMITMENTS UNDER SHORT-TERM LEASES

Commitments under short-term lease agreements for equipment are reported as rental expenditures in appropriate functional categories depending on the related usage of the equipment. Those leases provide for month-to-month or other short term rental obligations of 12 months or less.

J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in "lump sum" cash payment to such employee or his/her estate. Individuals employed after October 1, 1985, are not eligible to receive the lump sum payments.

K. HEALTH CARE COVERAGE

The District provided health insurance coverage for employees under the provisions of the Teacher Retirement System of Texas (TRS) active care health insurance plan during the current year. The District paid premiums per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

L. UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES- UNAVAILABLE REVENUE - GOVERNMENTAL FUND FINANCIAL STATEMENTS

Unearned revenue and Deferred Inflows of Resources - Unavailable Revenue at year-end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Unearned Revenue:				
Unearned Grant Revenue	\$ -	\$ 727,221	\$ -	\$ 727,221
Other Unearned Revenue				
Total Unearned Revenue	\$ -	\$ 727,221	\$ -	\$ 727,221
Deferred Inflows of Resources:				
Unavailable Revenue-Property Taxes	\$ 142,254	\$ -	\$ 74,622	\$ 216,876
Other Unavailable Revenue				
Total Deferred Inflows	\$ 142,254	\$ -	\$ 74,622	\$ 216,876

M. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments at year end are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as "Due from State Agencies" except for some federal programs which are received directly from the federal government for grants.

FUND	DUEFROM STATE- FOUNDATION ENTITLEMENTS	DUEFROM STATE-STATE &FEDERAL GRANTS	DUEFROM OTHER GOVERNMENTS	TOTAL
General	\$ 3,398,867	\$ 1,156,810	\$ 418,353	\$ 4,974,030
Special Revenue				
Debt Service				
Totals	\$ 3,398,867	\$ 1,156,810	\$ 418,353	\$ 4,974,030

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 5,558,396	\$ -	\$ 3,243,079	\$ -	\$ 8,801,475
Penalties, Interest and Other Tax- Related Income	43,589		22,572		66,161
Investment Income	135,656	29,068	77,353	419,133	661,210
Foundations, Gifts and Bequests	105,000				105,000
Food Sales		411,204			411,204
Co-curricular Student Activities	70,806	492,225			563,031
Insurance Recove!2', SSA, & Other	343,144	1,921,631			2,264,775
Totals	\$ 6,256,591	\$2,854,128	\$ 3,343,004	\$ 419,133	\$12,872,856

O. LITIGATION

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is not aware of pending exposure to claims related to these areas.

P. CONSTRUCTION & OTHER SIGNIFICANT COMMITMENTS & CONTINGENCIES

The District at year end had not incurred or made any additional commitments and/or contingencies in connection with construction or other areas of significance except for the completion of the current facility construction.

Q. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District was a member of the Arlington ISO Shared Services Arrangements ("SSA"). The SSA provides services for special education to member districts. Peaster Independent School District is the fiscal agent for the SSA. In addition to the District, other member districts participated in the special education cooperative. The fiscal agent provided SSA services. The member districts provided the funds to the fiscal agent. The Shared Services Arrangements - Special Education had been accounted for using Model 3 in the SSA section of the TEA Resource Guide. The District had accounted for the payments to the fiscal agent of the SSA in a Special Revenue Fund as intergovernmental expenditures. The District's expenditures to the SSA for the current year were as follows:

Shared Services Arrangement	Type of Services	Funding Source	Fiscal Agent	Special Revenue Fund	District Special Revenue Fund	Program Expenditures Current Year
Parker County Coop	Special Education	State Revenue	Peaster ISO	437	N.A.	\$ 207,313
Parker County Coop	DHH	State Revenue	Peaster ISO	458	N.A.	\$ 20,000
TOTAL FUNCTION 93 EXPENDITURES						\$ 227,313

The district does participate in shared service arrangements with other school districts for various other educational activities. In addition to the District, other member districts participate in the educational cooperatives and the fiscal agent provides SSA services. The funding for each activity is received by the fiscal agent from the grantor agency. The fiscal agent then provides the funds to the member districts. According to guidance provided in TEA's Resource Guide, the Fiscal Agent has accounted for the fiscal agent's activities of the SSA in a Special Revenue Fund. The Shared Services Arrangements has been accounted for using Model 1 in the SSA section of the TEA Resource Guide. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the share services arrangement.

R. SUBSEQUENT EVENTS

In preparing the basic financial statements, District administration has evaluated events and transactions for potential recognition or disclosure through **October 19, 2023**, the date this Annual Financial Report was issued. No material subsequent events had occurred in the period of June 30, 2023, through that date.

S. RELATED ORGANIZATIONS

The District at present does maintain an Educational Foundation (the "Foundation"). This entity was established as a not-for-profit entity to provide assistance and support for teachers and students to develop special programs and projects and other school district support activities. This entity is a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 61*. The members of the board of the Foundation are appointed by an outside taxpayer group and is a separate legal entity; however, the support for the District is material to the financial statements and is included as a discretely presented fiduciary component unit per Schedule E Exhibits.

T. RELATED PARTY TRANSACTIONS

The District does not incur related party transactions with businesses owned or employers for various members of the board of trustees. Therefore, the District did not incur any material reportable related party transactions or balances as of and during the current year end.

U. FUND BALANCE / NET POSITION ADJUSTMENTS

During the current fiscal year, the District did not make a prior period fund balance adjustment, but did make a net position adjustment for (\$23,603) to record the effects of additional GASB 87 for long-term leases in the governmental activities.

	General Fund	Debt Sinking Fund	Special Revenue Funds	Total
Governmental Fund Balance:				
Increase (Decrease) Beginning of Year Fund Balance				
From Change in GASB 96 SABITA Accounting	\$ -	\$ -	\$ -	\$ -
Increase (Decrease) Beginning of Year Fund Balance				
From <u>Change in Unearned Revenue Reporting</u>				
Total Fund Balance Adjustment	\$ -	\$ -	\$ -	\$ -
Government Wide Net Position:				
Increase (Decrease) Beg of Year Net Position:				
Prior Period <u>Adjustment</u> for GASB 87 <u>Long-term</u> RTU Leases				\$ (23,603)
Total Net Position Adjustment				\$ <u>(23,603)</u>

V. RISK FINANCING AND OTHER COVERAGE

Workers' Compensation Program

During the current year, the District met its statutory workers' compensation obligations through participation in the Public Workers' Compensation Program (PWCP). The Program was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Program's workers' compensation program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Program's self-insured retention. The Program uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of June 30, 2023, the Fund carries a discounted reserve of \$3,908,000 for future development on reported claims and claims that have been incurred but not yet reported. For the current year, the Program anticipates no additional liability to members beyond their contractual obligation for payment of contributions.

The Program engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Program's Board of Trustees in February of the following year. The Program's audited financial statements as of August 31, 2023, are available at the Public Workers' Compensation Program (PWCP) website and have been filed with the Texas Department of Insurance in Austin.

The District also has prior year workers' compensation coverage (1995-2010) with Claims Administrative Services, Inc. (CAS). The current estimated liability for CAS is \$897 as of June 30, 2023.

Property / Casualty Program

During the current year ended, the District purchased commercial insurance with Edwards Risk Management, Inc. and TASB Risk Management Fund with coverage for the following:

- 1) Crime,
- 2) General Liability,
- 3) Property and Band Floater,
- 4) Sexual Misconduct Endorsement, and
- 5) SP Legal Liability.

Unemployment Compensation Program

During the current year ended, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available at the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

W. DEFINED BENEFIT PENSION PLAN

a. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article **XVI**, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

b. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

c. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

d. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution Rates can be found in the TRS 2022 ACFR, Note 11, on page 85.

	Contribution Rates	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions		\$ 463,815
Current fiscal year member contributions		\$ 997,283
2022 measurement year NECE on-behalf contributions		\$ 659,711
<u>Payments made by the State On-Behalf of the District for Medicare, Part D:</u>		
Fiscal year 2021 Medicare, Part D On-Behalf		\$ 46,994
Fiscal year 2022 Medicare, Part D On-Behalf		\$ 49,651
Fiscal year 2023 Medicare, Part D On-Behalf		\$ 64,676

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

e. Actuarial Assumptions

The total pension liability in the August 31, 2021, actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 11, page 87.*

Table 11.F.1 Actuarial Methods and Assumptions

Component	Result
Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entrv Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

f. Discount Rate

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2022

Table 3.A.1: Asset Allocations

Asset Class	Target Allocation %	Lone-Tenn Expected Geometric Real Return %	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00 %	4.60 %	1.12
Non-US Developed	13.00	4.90	0.90
Emerging Markets	9.00	5.40	0.75
Private Equity	14.00	7.70	1.55
Stable Value			
Government Bonds	16.00	1.00	0.22
Absolute Return	0.00	3.70	0.00
Stable Value Hedge Funds	5.00	3.40	0.18
Real Return			
Real Estate	15.00	4.10	0.94
Energy, Natural Resources & Infrastructure	6.00	5.10	0.37
Commodities	0.00	3.60	0.00
Risk Parity	8.00	4.60	0.43
Asset Allocation Leverage			
Cash	2.00	3.00	0.01
Asset Allocation Leverage	(6.00)	3.60	(0.05)
Inflation Expectation			2.70
Volatility Drag			(0.91)
Expected Return	100.00 %		8.19 %
<p>• Ab10Me RelUm Include1Crdlt StMllw nvrmen ti.</p> <p>• Traet llocaUons %, bawd on FY2022 poUcy modtl.</p> <p>• .. ,111Mir"" A111111ptlons (omt from Aon Htwlll (Hof 8/31/2022).</p> <p>....The volatlly dragrtulls from the a>nvenion betWen arithmetic and gtometrk mean rtMM.</p>			

g. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate. The discount rate can be found in the 2022 TRS ACFR, Note 11, page 87 and the Table of Sensitivities [Table 11.H.1] can be found on page 87.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's <u>proportionate</u> share of the net <u>pension liability</u> :	\$ 8,199,769	\$ 5,271,059	\$ 2,897,202

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

On June 30, 2023, the District reported a liability of \$5,271,059 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 5,271,059
State's proportionate share that is associated with the District	<u>8,393,246</u>
Total	<u>\$ 13,664,305</u>

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

On August 31, 2022, the employer's proportion of the collective net pension liability was 0.0088787046% which was an increase (decrease) of 0.0016577349% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended June 30, 2023, the District recognized pension expense and revenue support provided by the State of:

Year Ended June 30, 2023 pension expense	<u>\$ 1,634,434</u>
Revenue for support provided by the State	<u>\$ 802,299</u>

On June 30, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 76,430	\$ 114,919
Changes in actuarial assumptions	982,170	244,784
Differences between projected and actual investment earnings	520,764	
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	850,837	110,284
Total as of August 31, 2022 measurement date	\$ 2,430,201	\$ 469,987
Contributions paid to TRS subsequent to the measurement date	401,275	
Total as of fiscal year-end	\$ 2,831,476	\$ 469,987

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30,	Pension Expense
2024	\$ 578,447
2025	334,056
2026	161,621
2027	716,560
2028	169,529
Thereafter	

X. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

a. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

b. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to the TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)-542-6592.

c. Benefits Provided

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

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

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

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

d. Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>Contribution Rates</u>	
	2022	2023
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
2023 Employer Contributions		\$ 120,326
2023 Member Contributions		\$ 81,019
2023 NECE On-behalf Contributions		\$ 138,595

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (*regardless of whether they participate in the TRS Care OPEB program*).

When hiring a TRS retiree, employers are required to pay to TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

e. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumption can be found in the 2022 TRS ACFR, Note 9, page 77.*

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for member of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

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

Additional Actuarial Methods and Assumptions:

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

f. Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB Liability. There was a increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at a statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected *to not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the fixed-income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

g. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91o/o)	Discount Rate (3.91o/o)	1o/o Increase in Discount Rate (4.91%)
Proportionate share of the net OPEB liability	\$ 3,905,348	\$ 3,312,201	\$ 2,831,676

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

On June 30, 2023, the District reported a liability of \$3,312,201 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 3,312,201
State's proportionate share that is associated with the District	<u>4,040,365</u>
Total	<u>\$ 7,352,566</u>

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

As of August 31, 2022, the employer's proportion of the collective Net OPEB Liability was 0.0138331124%, which was an increase (decrease) of (\$1,245,077) from its proportion measured as of August 31, 2021.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1o/o greater than the health trend rates assumed.

	1o/o Decrease	Current Healthcare Cost Trend Rate	1o/o Increase
Proportionate share of net OPEB liability	\$ 2,729,269	\$ 3,312,201	\$ 4,067,898

Changes Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period: These can be found in the 2022 TRS ACFR on page 77.

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

Change of Benefit Terms Since the Prior Measurement Date - There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was (\$805,524).

On June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources: (The current year amounts can be found on the GASB 75 Plan Level Schedule of Deferred Inflows and Outflows file, collective plan totals (future amortization) in columns G and H).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 184,147	\$ 2,759,361
Changes in actuarial assumptions	504,514	2,301,120
Differences between projected and actual investment earnings	9,866	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,522,131	-
Contributions paid to TRS subsequent to the measurement date	103,017	
Total as of fiscal year-end	\$ 2,323,675	\$ 5,060,481

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30,	OPEB Expense Amount
2024	\$ (591,126)
2025	(591,091)
2026	(450,632)
2027	(260,474)
2028	(345,957)
Thereafter	(600,543)

For the current year ended June 30, 2023, the District recognized OPEB expense of (\$805,524) and revenue of (\$573,360) for support provided by the State.

REQUIRED SUPPLEMENTARY INFORMATION

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,087,798	\$ 5,389,687	\$ 6,256,591	\$ 866,904
5800 State Program Revenues	10,947,261	10,947,261	10,132,314	(814,947)
5900 Federal Program Revenues	2	2	59,543	59,541
5020 Total Revenues	16,035,061	16,336,950	16,448,448	111,498
EXPENDITURES:				
Current:				
0011 Instruction	8,971,997	9,197,139	8,864,332	332,807
0012 Instructional Resources and Media Services	147,000	191,776	182,680	9,096
0013 Curriculum and Instructional Staff Development	30,502	29,752	9,792	19,960
0021 Instructional Leadership	113,171	176,100	149,792	26,308
0023 School Leadership	844,040	875,937	863,763	12,174
0031 Guidance, Counseling, and Evaluation Services	342,806	477,268	470,821	6,447
0033 Health Services	171,000	174,012	169,130	4,882
0034 Student (Pupil) Transportation	621,868	634,367	511,687	122,680
0036 Extracurricular Activities	1,027,797	1,055,846	1,055,183	663
0041 General Administration	1,050,357	1,348,951	1,343,511	5,440
0051 Facilities Maintenance and Operations	1,830,552	1,919,333	1,737,082	182,251
0052 Security and Monitoring Services	144,261	152,940	99,808	53,132
0053 Data Processing Services	308,038	308,038	300,911	7,127
Debt Service:				
0071 Principal on Long-Tenn Liabilities	85,301	79,282	68,401	10,881
0072 Interest on Long-Term Liabilities		35,119	17,704	17,415
Capital Outlay:				
0081 Facilities Acquisition and Construction		120,001	113,534	6,467
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	234,059	234,059	207,313	26,746
0099 Other Intergovernmental Charges	112,311	180,311	106,343	73,968
6030 Total Expenditures	16,035,061	17,190,231	16,271,787	918,444
1100 Excess (Deficiency) of Revenues Over (Under)		(853,281)	176,661	1,029,942
Expenditures				
OTHER FINANCING SOURCES (USES):				
7913 Proceeds of Right-to-Use Lease			11,434	11,434
7949 Proceeds ofSBITAs and Other Resources			7,020	7,020
7080 Total Other Financing Sources (Uses)			18,454	18,454
1200 Net Change in Fund Balances		(853,281)	195,115	1,048,396
0100 Fund Balance - July 1 (Beginning)	4,611,788	4,611,788	4,611,788	
3000 Fund Balance - June 30 (Ending)	\$ 4,611,788	\$ 3,758,507	\$ 4,806,903	\$ 1,048,396

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.008878705%	0.00722097%	0.00721161%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 5,271,059	\$ 1,838,925	\$ 3,862,391
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	8,393,246	3,756,681	7,736,841
Total	<u>\$ 13,664,305</u>	<u>\$ 5,595,606</u>	<u>\$ 11,599,232</u>
District's Covered Payroll	\$ 11,705,059	\$ 10,377,814	\$ 10,035,988
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.03%	17.72%	38.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.007695106%	0.006641639%	0.006362207%	0.00429352%	0.0042022%	0.0015934%
\$ 4,000,157	\$ 3,655,719	\$ 2,034,291	\$ 1,622,457	\$ 1,485,422	\$ 425,619
6,861,027	7,550,195	4,318,042	4,570,145	4,287,110	3,655,568
<u>\$ 10,861,184</u>	<u>\$ 11,205,914</u>	<u>\$ 6,352,333</u>	<u>\$ 6,192,602</u>	<u>\$ 5,772,532</u>	<u>\$ 4,081,187</u>
\$ 9,124,317	\$ 8,531,822	\$ 7,971,169	\$ 7,970,209	\$ 7,486,629	\$ 7,142,445
43.84%	42.85%	25.52%	20.36%	19.84%	5.96%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 463,815	\$ 393,965	\$ 303,080
Contribution in Relation to the Contractually Required Contribution	(463,815)	(393,965)	(303,080)
Contribution Deficiency (Excess)	\$ -	\$ -	
District's Covered Payroll	\$ 12,466,039	\$ 11,458,373	\$ 10,378,404
Contributions as a Percentage of Covered Payroll	3.72%	3.44%	2.92%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2020	2019	2018	2017	2016	2015
\$	296,180	\$ 267,414	\$ 224,038	\$ 212,190	\$ 188,331	167,053
	(296,180)	(267,414)	(224,038)	(212,190)	(188,331)	(167,053)
\$	-	\$ -	\$ -	\$ -	\$ -	
\$	10,032,056	\$ 9,191,639	\$ 8,531,822	\$ 7,970,209	\$ 7,932,279	7,486,629
	2.95%	2.91%	2.63%	2.66%	2.37%	2.23%

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.013833112%	0.011814234%	0.011726948%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 3,312,201	\$ 4,557,278	\$ 4,457,943
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,040,365	6,105,737	5,990,406
Total	<u>\$ 7,352,566</u>	<u>\$ 10,663,015</u>	<u>\$ 10,448,349</u>
District's Covered Payroll	\$ 11,705,059	\$ 10,377,814	\$ 10,035,988
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	28.30%	43.91%	44.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, PS0.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY2020		FY 2019		FY2018	
Plan Year 2019		Plan Year 2018		Plan Year 2017	
0.011474755%		0.010917044%		0.010513538%	
\$	5,426,550	\$	5,450,980	\$	4,571,943
7,210,674		7,260,525		6,174,825	
\$	12,637,224	\$	12,711,505	\$	10,746,768
\$	9,124,317	\$	8,531,822	\$	7,971,169
59.47%		63.89%		57.36%	
2.66%		1.57%		0.91%	

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 120,326	\$ 109,640	\$ 91,282
Contribution in Relation to the Contractually Required Contribution	(120,326)	(109,640)	(91,282)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,466,039	\$ 11,458,373	\$ 10,378,404
Contributions as a Percentage of Covered Payroll	0.97%	0.96%	0.88%

Note: GASB Codification, Vol. 2, PS0.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2020	2019	2018
\$	86,312	\$ 81,197	\$ 75,012
	(86,312)	(81,197)	(75,012)
\$	-	\$ -	
\$	10,032,056	\$ 9,191,639	\$ 8,531,822
	0.86%	0.88%	0.88%

**PEASTER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE TEN MONTHS ENDED JUNE 30, 2023**

A. Notes to Schedules for the TRS Pension

Changes of benefit terms

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

Changes of assumptions

There was a change in the actuarial assumptions. The primary change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits

There were no changes in benefits.

Changes in Assumptions

The single discount rate changed from 1.95 percent as of August 31, 2021, to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.

C. Stewardship, Compliance and Accountability

Budget

The Board of Trustees (local school board) is legally required to adopt an annual budget (on a 12-month basis) for the general fund, the food service fund, and if applicable, the debt service fund. The budgets must be prepared by June 19 and adopted by the local school board before expenditures are made and, if applicable, before the tax rate for the year is set. The required supplementary information for the general fund budget is located in Exhibit G-1 "Budgetary Comparison Schedule - General Fund. The required Texas Education Agency (TEA) schedule for the food service fund is located in Exhibit J-2 "Budgetary Comparison Schedule - Child Nutrition Fund and the debt service fund is located in Exhibit J-3 "Budgetary Comparison Schedule - Debt Service Fund.

Once a budget is approved, it can be amended at the fund and function level only by a majority of the members of the Board of Trustees.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under State of Texas law, appropriations lapse at year end June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget.

It is a violation of Texas State Law for expenditures to exceed the budget in any function of the general fund, the food service fund, or the debt service fund.

**PEASTER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE TEN MONTHS ENDED JUNE 30, 2023**

Expenditures Exceeding Appropriation

1. The current year expenditures did not exceed appropriations in any functions in the general fund as detailed in Exhibit G-1 "Budgetary Comparison Schedule -General Fund".
2. The current year expenditures did not exceed appropriations in any functions in the food service fund as detailed in Exhibit J-2 "Budgetary Comparison Schedule -Child Nutrition Fund".
3. The current year expenditures also did not exceed appropriations in any functions in the debt service fund as detailed in Exhibit J-3 "Budgetary Comparison Schedule -Debt Service Fund".

OTHER SUPPLEMENTARY INFORMATION -
COMBINING AND INDIVIDUAL SCHEDULES

PEASTER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		211 ESEAI,A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEAI,A Training and Recruiting	281 ESSER II CRRSAAct Supplemental
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 350,357	\$ -	\$ -
1120	Investments - Current				
1240	Due from Other Governments	41,370		33,534	114,891
1260	Due from Other Funds				
1290	Other Receivables				
1000	Total Assets	\$ 41,370	\$ 350,357	\$ 33,534	\$ 114,891
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	12,830	39,817		
2170	Due to Other Funds	25,800		33,534	114,891
2200	Accrued Expenditures	2,740	3,405		
2000	Total Liabilities	41,370	43,222	33,534	114,891
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction		307,135		
3490	Other Restricted Fund Balance				
3000	Total Fund Balances		307,135		
4000	Total Liabilities and Fund Balances	\$ 41,370	\$ 350,357	\$ 33,534	\$ 114,891

282 ESSER III ARP Act	283 ESSER-SUPP	289 ESEA Title IV, Part A	313 SSA IDEA, Part B Formula	314 SSA IDEA, PartB Preschool	315 SSA IDEA, Part B Discretionary	364 SSA-IDEAB Formula ARP Act	365 SSA-IDEA B Preschool ARP Act
\$ -	\$ -	\$ -	\$ 133,633	\$ -	\$ 69,117	\$ 19,407	\$
189,296	316,175		202,143	64	11,791	82,967	13,189
\$ 189,296	\$ 316,175	\$ -	\$ 335,776	\$ 64	\$ 80,908	\$ 102,374	\$ 13,189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,908	\$ 750	\$
6,091			104,262			19,890	
182,497	316,175		215,141	64		79,617	13,189
708			16,373			2,117	
189,296	316,175		335,776	64	80,908	102,374	13,189
\$ <u>189,296</u>	\$ <u>316,175</u>	\$ <u>=====</u> -	\$ <u>335,776</u>	\$ <u>64</u>	\$ <u>80,908</u>	\$ <u>102,374</u>	\$ <u>13,189</u>

PEASTER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		397 Advanced Placement Incentives	410 State Instructional Materials	429 State High Quality Pre-K Funds	435 SSA Regional Day School - Deaf
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$	\$ -	\$
1120	Investments - Current				
1240	Due from Other Governments				92,879
1260	Due from Other Funds				
1290	Other Receivables				
1000	Total Assets	\$ -	\$	\$	\$ 92,879
LIABILITIES					
2110	Accounts Payable	\$ -	\$	\$	\$ 92,879
2160	Accrued Wages Payable				
2170	Due to Other Funds				
2200	Accrued Expenditures				
2000	Total Liabilities				92,879
FUND BALANCES					
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction				
3490	Other Restricted Fund Balance				
3000	Total Fund Balances				
4000	Total Liabilities and Fund Balances	\$ -	\$	\$	\$ 92,879

437 SSA Special Education	459 SSA State & Local Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 498,398	\$ -	\$ 65,371	\$ 1,136,283
555,811			555,811
32,511			1,130,810
13,253			13,253
		145,045	145,045
\$ 1,099,973	\$ -	\$ 210,416	\$ 2,981,202
<hr/>			
\$ 55,032	\$ -	\$ 870	\$ 230,439
99,123			282,013
186,195			1,167,103
5,130			30,473
345,480		870	1,710,028
<hr/>			
754,493			1,061,628
		209,546	209,546
754,493		209,546	<u>1,271,174</u>
<hr/>			
\$ <u>1,099,973</u>	\$ -	\$ 210,416	\$ <u>2,981,202</u>

PEASTER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		211 ESEAI, A Improving Basic Program	240 National Breakfast and Lunch Program	255 ESEAI, A Training and Recruiting	281 ESSER II CRRSAAct Supplemental
REVENUES:					
5700	Total Local and Intennediate Sources	\$ -	\$ 411,648	\$ -	\$
5800	State Program Revenues		22,155		
5900	Federal Program Revenues	119,882	422,641	34,972	114,891
5020	Total Revenues	119,882	856,444	34,972	114,891
EXPENDITURES:					
Current:					
0011	Instruction	119,882		33,534	109,901
0013	Curriculum and Instructional Staff Development				
0021	Instructional Leadership			1,438	
0031	Guidance, Counseling, and Evaluation Services				
0033	Health Services				4,990
0034	Student (Pupil) Transportation				
0035	Food Services		806,953		
0036	Extracurricular Activities				
0041	General Administration				
0051	Facilities Maintenance and Operations				
0052	Security and Monitoring Services				
Debt Service:					
0071	Principal on Long-Tenn Liabilities				
0072	Interest on Long-Tenn Liabilities				
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA				
6030	Total Expenditures	119,882	806,953	34,972	114,891
1200	Net Change in Fund Balance		49,491		
0100	Fund Balance - July 1 (Beginning)		257,644		
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 307,135	\$ -	\$

282 ESSER III ARP Act	283 ESSER-SUPP	289 ESEA Title IV, Part A	313 SSA IDEA, PartB Formula	314 SSA IDEA, PartB Preschool	315 SSA IDEA, PartB Discretionary	364 SSA-IDEAB Formula ARP Act	365 SSA-IDEAB Preschool ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107
39,976	316,175	10,000	995,756	12,828	80,987	88,067	13,189
39,976	316,175	10,000	995,756	12,828	80,987	88,174	13,189
5,847	294,270		152,496	12,828	80,987	80,656	13,189
34,129	21,905		830,260			7,518	
		10,000	13,000				
39,976	316,175	10,000	995,756	12,828	80,987	88,174	13,189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ •

PEASTER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		397 Advanced Placement Incentives	410 State Instructional Materials	429 State High Quality Pre-K Funds	435 SSA Regional Day School - Deaf
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	3,166	61,312	15,202	263,814
5900	Federal Program Revenues				
5020	Total Revenues	3,166	61,312	15,202	263,814
EXPENDITURES:					
Current:					
0011	Instruction	3,166	61,312	15,202	263,814
0013	Curriculum and Instructional Staff Development				
0021	Instructional Leadership				
0031	Guidance, Counseling, and Evaluation Services				
0033	Health Services				
0034	Student (Pupil) Transportation				
0035	Food Services				
0036	Extracurricular Activities				
0041	General Administration				
0051	Facilities Maintenance and Operations				
0052	Security and Monitoring Services				
Debt Service:					
0071	Principal on Long-Term Liabilities				
0072	Interest on Long-Term Liabilities				
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA				
6030	Total Expenditures	3,166	61,312	15,202	263,814
1200	Net Change in Fund Balance				
0100	Fund Balance - July 1 (Beginning)				
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

437 SSA Special Education	459 SSA State & Local Funds	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 1,106,345	\$ -	\$ 494,040	\$ 2,012,033
50,503			416,259
			2,249,364
1,156,848		494,040	4,677,656
679,334			1,926,418
1,375			1,375
312,436			313,874
56,189			893,967
			39,119
			21,905
			806,953
		564,069	564,069
4,950			4,950
33,562			46,562
790			10,790
1,469			1,469
959			959
25,000			25,000
1,116,064		564,069	4,657,410
40,784		(70,029)	20,246
713,709		279,575	1,250,928
\$ 754,493	\$ -	\$ 209,546	\$ 1,271,174

PEASTER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2023

	816 PCCSS Scholarship Trust Fund	817 Pilgrim Scholarship Trust Fund	818 Carl Barker Scholarship Trust Fund	819 Waller Scholarship Trust Fund
ASSETS				
Cash and Cash Equivalents	\$ 3,008	\$ 4,209	\$ 226,759	\$ 308,582
Total Assets	<u>3,008</u>	<u>4,209</u>	<u>226,759</u>	<u>308,582</u>
LIABILITIES				
Accounts Payable			4,000	
Total Liabilities			<u>4,000</u>	
NET POSITION				
Restricted for Scholarships	<u>3,008</u>	<u>4,209</u>	<u>222,759</u>	<u>308,582</u>
Total Net Position	<u>\$ 3,008</u>	<u>\$ 4,209</u>	<u>\$ 222,759</u>	<u>\$ 308,582</u>

820 ATPE Scholarship Trust Fund	Total Private Purpose Trust Funds
\$ 61,820	\$ 604,378
61,820	604,378
500	4,500
500	4,500
61,320	599,878
\$ 61,320	\$ 599,878

PEASTER INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	816 PCCSS Scholarship Trust Fund	817 Pilgrim Scholarship Trust Fund	818 Carl Barker Scholarship Trust Fund	819 Waller Scholarship Trust Fund
ADDITIONS:				
Earnings from Temporary Deposits	\$ 56	\$ 29	\$ 945	\$ 1,026
Contributions, Gifts and Donations	1,500			
Total Additions	1,556	29	945	1,026
DEDUCTIONS:				
Other Deductions	2,500	1,535	28,800	2,576
Total Deductions	2,500	1,535	28,800	2,576
Change in Net Position	(944)	(1,506)	(27,855)	(1,550)
Net Position - July 1 (Beginning)	3,952	5,715	250,614	310,132
Net Position - June 30 (Ending)	\$ <u>3,008</u>	\$ <u>4,209</u>	\$ <u>222,759</u>	\$ <u>308,582</u>

820 ATPE Scholarship Trust Fund	Total Private Purpose Trust Funds
\$ 2,477	\$ 4,533
50,000	51,500
<u>52,477</u>	<u>56,033</u>
28,500	63,911
<u>28,500</u>	<u>63,911</u>
23,977	(7,878)
<u>37,343</u>	<u>607,756</u>
<u>\$ 61,320</u>	<u>\$ 599,878</u>

REQUIRED TEA SCHEDULES

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.040000	0.360000	274,523,666
2016	1.040000	0.360000	289,277,240
2017	1.040000	0.360000	295,353,771
2018	1.040000	0.400000	316,919,931
2019	1.040000	0.400000	356,874,646
2020	0.970000	0.400000	411,162,090
2021	0.908900	0.410000	450,964,922
2022	0.872000	0.500000	566,631,792
2023 (School year under audit)	0.854600	0.500000	647,337,054
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 27,246	\$	\$ 1,515	\$ 474	\$ (1)	\$ 25,256
2,135		60	21	1	2,055
3,890		52	18		3,820
2,862		52	18		2,792
3,024		26	10		2,988
4,757		341	131	(384)	3,901
38,950		21,624	8,917	818	9,227
47,917		26,672	12,032	(969)	8,244
209,807		93,992	53,894	(18,201)	43,720
	8,768,792	5,414,062	3,167,564		187,166
<u>\$ 340,588</u>	<u>\$ 8,768,792</u>	<u>\$ 5,558,396</u>	<u>\$ 3,243,079</u>	<u>\$ (18,736)</u>	<u>\$ 289,169</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 305,415	\$ 260,201	\$ 411,648	\$ 151,447
5800 State Program Revenues	23,505	23,505	22,155	(1,350)
5900 Federal Program Revenues	328,309	328,309	422,641	94,332
5020 Total Revenues	657,229	612,015	856,444	244,429
EXPENDITURES:				
Current:				
0035 Food Services	657,229	956,505	806,953	149,552
6030 Total Expenditures	657,229	956,505	806,953	149,552
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures		(344,490)	49,491	393,981
OTHER FINANCING SOURCES (USES):				
7915 Transfers In				(1)
1200 Net Change in Fund Balances		(344,489)	49,491	393,980
0100 Fund Balance - July 1 (Beginning)	257,644	257,644	257,644	
3000 Fund Balance - June 30 (Ending)	\$ 257,644	\$ (86,845)	\$ 307,135	\$ 393,980

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,834,672	\$ 3,315,843	\$ 3,343,004	\$ 27,161
5800 State Program Revenues	165,328	165,328	152,574	(12,754)
5020 Total Revenues	3,000,000	3,481,171	3,495,578	14,407
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,370,000	1,370,000	1,369,999	
0072 Interest on Long-Term Liabilities	1,625,000	1,452,173	1,451,551	622
0073 Bond Issuance Cost and Fees	5,000	5,000	4,000	1,000
6030 Total Expenditures	3,000,000	2,827,173	2,825,550	1,623
1200 Net Change in Fund Balances		653,998	670,028	16,030
0100 Fund Balance - July I (Beginning)	2,894,842	2,894,842	2,894,842	
3000 Fund Balance - June 30 (Ending)	\$ 2,894,842	\$ 3,548,840	\$ 3,564,870	\$ 16,030

PEASTER INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT- SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

API	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.	\$690,074
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$1,013,771

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.	\$30,664
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$52,633

REPORTS ON COMPLIANCE, INTERNAL CONTROLS AND
FEDERAL AWARDS

James E. Rodgers and Company, P.C.

Certified Public Accountants

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Richard E. Rodgers CPA • Gerald L. Rodgers CPA

November 13, 2023

Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Board of Trustees
Peaster Independent School District
Weatherford, Texas 76088**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Peaster Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Peaster Independent School District's basic financial statements, and have issued our report thereon dated November 13, 2023. The financial statements of Peaster Education Foundation Component Unit were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Peaster Education Foundation Component Unit.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peaster Independent School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peaster Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Peaster Independent School District's internal control.

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

James E. Rodgers and Company, P.C.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peaster Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001.

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.

Respectfully submitted,



James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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November 13, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY UNIFORM GUIDANCE

**To the Board of Trustees
Peaster Independent School District
Weatherford, Texas 76088**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Peaster Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Peaster Independent School District's major federal programs for the year ended June 30, 2023. Peaster Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Peaster Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Peaster Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Peaster Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Peaster Independent School District's federal programs.

Auditor's Responsibilities/or the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Peaster Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Peaster Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Peaster Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Peaster Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Peaster Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures did disclose one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs, as item 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Peaster Independent School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Peaster Independent School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

James E. Rodgers and Company, P.C.

Report on Internal Control over Compliance

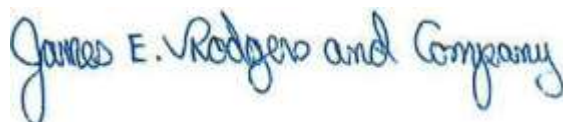
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "James E. Rodgers and Company". The signature is written in a cursive, flowing style.

James E. Rodgers and Company, P.C.

James E. Rodgers and Company, P.C.

Certified Public Accountants

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PEASTER INDEPENDENT SCHOOL DISTRICT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

I. Summary of the Auditor's Results:

1.	The type of auditor's report opinion on whether the financial statements of the District were prepared in accordance with GAAP (generally accepted accounting standards):	Unmodified	
2.	Internal control over financial reporting during the audit of the financial statements:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
3.	Noncompliance, which is material to the financial statements.		No
4.	Internal Control over major federal programs:		
(a)	Significant deficiencies in internal control identified that are not considered to be material weaknesses.		No
(b)	Material weaknesses identified.		No
5.	Type of auditor's report opinion on compliance with major programs.	Unmodified	
6.	Audit findings that are required to report under Uniform Guidance 2 CFR Section 200.516(a).		Yes
7.	Identification of programs tested as major programs: • Special Education Cluster IDEA Part B, Formula - Federal Assistance Listing No. 84.027 IDEA Part B, Preschool - Federal Assistance Listing No. 84.173		
8.	Dollar threshold used to distinguish between Type A and Type B programs.	\$750,000	
9.	District qualified as a low-risk auditee.	Yes	

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards (GAGAS)*

Findings 2023-001:

a.	Condition:	See Federal Awards Finding: 2023-002
b.	Criteria:	See Federal Awards Finding: 2023-002
c.	Cause:	See Federal Awards Finding 2023-002
d.	Effect:	See Federal Awards Finding 2023-002
e.	Recommendation:	See Federal Awards Finding: 2023-002
f.	District Response:	See Federal Awards Finding: 2023-002

III. Findings and Questioned Costs Related to the Federal Awards

Finding 2023-002:

a.	Condition:	Cash funds for the food service program were in excess of the allowed 3 months average expenditures by \$74,557.
b.	Criteria:	Federal funding requires that the food service program cash balances should not exceed the average 3 months spending.
c.	Cause:	The actual cash balances as of June 30, 2023, exceeded the allowed 3 month average spending: balance by \$74,557.
d.	Effect:	Violation of excess cash balances over allowable balance at year end.
e.	Recommendation:	The District should evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds.
f.	District Response:	The District will evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds during the year ended June 30, 2024.

Peaster Independent School District

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SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2022

Finding 2022-001: The District had excess cash balances in the food service fund as of June 30, 2022. The excess cash balances were not eliminated during the current fiscal year ended June 30, 2023. The District has changed administration during the fiscal year and will work to eliminate the excess cash balance during the current fiscal year.

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

The name of the contact person responsible for corrective action:

Tammy Witten, Business Manager
District Phone Number: 817-341-5000

The corrective action for Finding 2023-001:

See corrective action for Finding 2023-002.

The corrective action for Finding 2023-002:

The District will evaluate all aspects and needs of the food service program including personnel, equipment such as stoves, freezers, etc. and determine the best and legally proper use of the excess funds to reduce the cash balance to a legally acceptable balance.

PEASTER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.0IOA	23610101184908	\$ 119,882
*SSA - IDEA - Part B, Formula	84.027	236600011849086000	995,756
*SSA - IDEA - Part B, Discretionary	84.027	236600111849086000	80,987
*COVID 19 -SSA- IDEA,B,Formula - ARP	84.027X	225350021849085000	88,067
Total Assistance Listing Number 84.027			1,164,810
*SSA - IDEA - Part B, Preschool	84.173	236610011849086610	12,828
*COVID 19 -SSA- IDEA,B,Preschool - ARP	84.173X	225360021849085360	13,189
Total Assistance Listing Number 84.173			26,017
Total Special Education Cluster (IDEA)			1,190,827
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501184908	34,972
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001184908	114,891
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001184908	39,976
COVID 19 - Supplemental ESSER Fund	84.425U	21528043184908	316,175
Total Assistance Listing Number 84.425			471,042
ESEA, Title IV, Part A	84.424A	23680101184908	10,000
Total Passed Through Texas Education Agency			1,826,723
TOTAL U.S. DEPARTMENT OF EDUCATION			1,826,723
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	58,031
*National School Lunch Program - Cash Assistance	10.555	71302301	272,174
*National School Lunch Program - Non-Cash Assistance	10.555	71302301	38,309
Child & Adult Care Food Program & Supply Chain Assistance	10.555	71302301	54,127
Total Assistance Listing Number 10.555			364,610
Total Child Nutrition Cluster			422,641
Total Passed Through the Texas Department of Agriculture			422,641
TOTAL U.S. DEPARTMENT OF AGRICULTURE			422,641
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,249,364

*Clustered Programs

Non-Grant federal program revenue for the current year included SHARS' receipts of \$59,543, MAC receipts of \$0, and Vendor Direct Federal Receipts of \$0. The District did not make payments to sub-recipients during the current year.

**PEASTER INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund that is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.
4. Federal grant funds are recorded as earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.

6. Indirect Costs

The District did not elect to use a de minimis cost rate of 10% as described at 2CFR §200.414(f) - Indirect (F&A) Costs.

7. Reconciliation of Federal Awards

The following is a reconciliation of expenditures of federal awards in the SEFA and federal program Revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental funds.

Federal program revenues per Exhibit C-3	\$ <u>2,308,907</u>
School Health & Related Services (SHARS) & (ERATE) Reimbursement not reported to the SEFA	\$ <u>59,543</u>
Total federal expenditures on Exhibit K-1	\$ <u>2,249,364</u>

SCHOOLS FIRST QUESTIONNAIRE

EXHIBIT L-1

Peaster Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	Yes
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$449,443